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# **Political Economy of International Sanctions:**

## **The Case of Iraq**

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Supervised by Professor Anoushiravan Ehteshami

A Thesis submitted for the degree of Doctor of Philosophy of  
the University of Durham

**Institute for Middle Eastern and Islamic Studies**

**Faculty of Social Sciences**

**University of Durham**

**2003**



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## **List of Abbreviations**

**AFP: Agence France-Presse.**

**AP: Associated Press.**

**BBC: The British Broadcasting Company.**

**BP Statistics: British Petroleum Statistics.**

**CNN: Cable news network.**

**EIU: Economist Intelligence Unit.**

**EU: European Union.**

**EVD: Netherlands Foreign Trade Agency.**

**FAO: Food and Agriculture Organization of the United Nations.**

**GCC: Gulf Cooperation Council.**

**GDP: Gross Domestic Product.**

**Intifada: uprising, in this case the Palestinian uprising.**

**MEED: Middle East Economic Digest.**

**MEES: Middle East Economic Survey.**

**NATO: North Atlantic Treaty Organization.**

**NGO: non governmental organization.**

**OIP: Office of the Iraq Programme (oil-for-food).**

**OPEC: Organization of Petroleum Exporting Countries.**

**PLO: Palestine Liberation Organization.**

**Shiism: a major doctrine within Islam. With millions of adherents throughout the Middle East and South Asia, this branch of Islam has its origins in the followers within the Islamic community who believed that Ali was the rightful successor to Prophet Muhammad. Some of their beliefs and practices differ from Sunni Islam. The majority of Shi'is belongs to the Twelver Shi'ism. Iraqi Shiis constitute the country's majority group.**

**Sunnism: the tradition that accepts the legitimacy of the caliphs who succeeded Prophet Muhammad. The succession sparked major rift between Shiism and Sunnism. Majority of Muslims in the Arab world and Asia are Sunnis.**

**UAE: United Arab Emirates.**

**UK: United Kingdom.**

**UN: United Nations.**

**UNESCO: United Nations Educational, Scientific and Cultural Organization.**

**UNFPA: United Nations Population Fund.**

**UNHCR: United Nations High Commissioner for Refugees.**

**UNICEF: United Nations Children's Fund.**

**UNMOVIC: United Nations Monitoring, Verification and Inspection Commission.**

**UNSCOM: United Nations Special Commission.**

**UNSCR: United Nations Security Council Resolution.**

**US: United States of America.**

**USSR: Union of Soviet Socialist Republic; the former Soviet Union.**

**WHO: World Health Organization.**

**WMD: weapons of mass destruction.**



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## Abstract

The Bush administration, intent on regime change in Baghdad, wished to generate a new Iraq for the Iraqis, the region and the international community. Iraqis were emancipated from the despots in Baghdad and now have the opportunity for the first time to choose an elected government, whilst investment and confidence in the country's economy will build up slowly to make Iraq in the coming years an economically prosperous country. The fall of Saddam's regime affected regional security and politics in the same way as the fall of the Berlin Wall in 1989 and Nicolae Ceausescu in December 1989 generated the start of new post cold war environment of democracy and economic prosperity. 2003 will be the year of putting Saddam's tyrannical legacy firmly into the past, and be the start of a new chapter in domestic and ethnic peace and regional security.

The current divisions and disarray amongst the 1991 Gulf War allies over Iraq did not come about in a vacuum, and neither did the decision of the world's sole superpower, the United States, to drive to war with Iraq under the George W Bush administration's "pre-emptive" strikes policy. In fact my thesis illustrates that even though the tragic terrorist attacks of 9/11 played an important part in the psyche of the American administration, the root of the decision to go to war goes way before that date. Its roots stem from the failure and collapse of the comprehensive economic sanctions on Iraq. The thesis shows that the Arab region's political economy, as well of that of the international community, played a key role in the erosion of sanctions. The thesis addresses other central issues, such as the moral dilemma resulting from the years of sanctions, UNSCOM, and contradictions of U.S./Iraq policy. It concludes that the United States, the main advocate behind comprehensive economic sanctions and regime change in Baghdad, had lost the ability to keep sanctions intact and sustainable. The United States could not obtain multilateral compliance with comprehensive economic sanctions on Iraq or even overthrow Saddam Hussein regime by sanctions alone. This produced a clash of interests and perceptions that led to acrimony with allies, who in turn became frustrated and threatened to block any efforts to re-energize sanctions through tightening border control on Saddam and through UNSCOM. Key regional and international actors resumed diplomatic, commercial, and cultural ties

with Baghdad despite the United States' displeasure. When the Bush administration arrived in power, they saw that sanctions had in effect collapsed, and UNSCOM was not on the ground leaving Saddam inspection-free, while all efforts to topple him through a popular uprising or a silver bullet coup attempt failed.

After 13 years had passed, and any efforts to persuade, contain or remove Saddam Hussein had failed. In such circumstances, the new American administration, recognizing that sanctions, weapons inspections, and the multilateral efforts at the UN could not be anymore effective to coerce, contain or remove Saddam Hussein, were left with two options: to accept a de-contained stronger Saddam Hussein back into the international community, or to remove him by a force. The very fact of using military force to remove Saddam Hussein and his regime from power proves the failure of the supposedly peaceful foreign policy tool called economic sanctions.

## **Part One**



## **Chapter one**



# 1. INTRODUCTION

The work is divided into three parts. Part I of the thesis will discuss the research into, and literature on, the use and utility of economic sanctions, and examine why the United States chose to employ economic sanctions. The rationale behind sanctions as well as the oil-for-food dynamics is also examined. Part II, which is the core of this thesis, examines key issues that have led to the collapse of the comprehensive sanctions on Iraq. In this part, the regional and international factors will be explored in greater depth. Part III discusses other factors that led to the demise of comprehensive economic sanctions on Iraq. A moral crisis resulted from the humanitarian catastrophe attributable to sanctions. How the world public opinion responded to this is examined, notably its influence on sanctions. Finally the policy rifts among the allies is investigated as well as its implications on sanctions and how the world hindered US aims of getting unseating Saddam through tighter economic sanctions or military force. The impact of the failure of the multilateral comprehensive sanctions including the failure to tighten the sanctions effectively on Saddam through the smart sanctions initiative was unacceptable politically and strategically for the US administration after 9/11 who could not possibly afford to live with de-contained Iraq. In sum the US could not force political change through economic pressure in Iraq and could not bridge the differences in the Security Council with Iraq's friends inside the Council and the world at large. Therefore the United States attempted to subvert the UN and take the initiative to dislodge an ever increasingly de-contained Saddam.

## 1.1 Aims and objectives

This thesis explains the connections between how the primacy of economics, commercial trade as well as strategic considerations affected the sanctions' regime. The work will show how Western countries traded with Iraq and pushed for more trade relations with Baghdad thus eliminating the logic and effectiveness behind the multilateral comprehensive economic sanctions. In other words, the thesis will assess the effectiveness of the international economic sanctions when implemented in an oil-rich country. Iraq, as we will see in this work, offers a fascinating example in that regard.

Thus, this thesis aims to establish and develop an understanding of Iraq's relations with selected countries during the era of sanctions. For example, the work establishes that Saddam Hussein's regime was de-contained regionally due to Iraq's trade and strategic relations with its neighbourhood; also Iraq's increased trade relations with the West and the policy rifts and conflicting perceptions among Western allies helped greatly in the international de-containment of the regime. The impact of sanctions on the Iraqi regime was minimal compared to the catastrophic results on defenceless civilians. Saddam behaviour hardly changed instead he remained strongly entrenched in power and defiant to UN rules and US hegemony. Therefore this research aims to show the influencing factors behind the ineffectiveness of sanctions on Iraq. Regional and international trade interests, oil imperatives, and strategic considerations will be the major focus of this research. Thus, the work aims to identify and explore the different regional and international forces and variables that have impacted on the comprehensive sanctions regime towards Iraq from the start of the oil-for-food programme until the decision to go to war on 20th March 2003.



More specifically the work aims to show that the Arab world, along with many other nations, were busy reconstructing their diplomatic, cultural and economic relations with Baghdad, despite the United States' branding of the Iraqi regime as irredeemably vicious and one that must be changed in order for Iraq to rejoin the world community. This thesis shows how regional players and international actors allowed a sanctioned Iraq return to the world community in economic, cultural, strategic and political ways. It also aims to illustrate how comprehensive economic sanctions was successfully circumvented through re-establishing of regional trade ties, oil, smuggling, and other sanctions-busting methods which inevitably prompted business ties with Iraq and rendered the economic/political pressure of sanctions to a poor record and results. With this in mind, it can be argued that Iraq was sanctioned but in theory.

The thesis aims to illustrate how key countries did not share any more an identical view on the logic of economic sanctions or even the threat posed by Iraq as seen by the American administrations.

In a broader objective, through the Iraq case, the thesis aims to offer a case study in how the narrow national interests of key countries in the UN and the Middle East region supersede multilateral cooperation. The thesis aims to illustrate how key countries did not share any more an identical view on the logic of economic sanctions or even the threat posed by Iraq as seen by the American administrations.

Even though disarmament of Iraq remained incomplete, and no democracy or respect for human rights emerged from Saddam's regime, the general loss of will among the international community and the emergence of a sympathetic influential friends for Iraq in the UN and the discontent of the worlds' public against the humanitarian effects of the economic sanctions have made the Security Council unable to reach a decision on Iraq or act on Saddam's clear defiance of UN laws. For a decade, the situation in the UN Security Council was reminiscent of the mid-1970s stalemate. This deep rift continued when France and Russia threatened to use their veto power at the Security Council in March 2003 to stop a

war aiming to unseat Saddam Hussein, pushing the US and UK to give up on the UN and proceed alone to overthrow and disarm Saddam. Thus, this thesis aims to establish that because of the poor records of sanctions and its erosion as the international community deepened their diplomatic, trade and cultural links with Iraq coupled with the dismantling of the regional siege on Saddam adding to that the sensitivity resulting after 9/11, in addition to the continues divisions inside the UN Security Council and its constant refusal to adopt a hard-line or even tighten the sanctions on Saddam, the war to unseat the dictator of Baghdad was inevitable.

Moreover, the thesis aims to establish that other vital factors have also contributed in eroding the international economic sanctions such as the humanitarian crisis resulting from years of sanctions. NGO's and UN agencies pressure are also examined. In spite of the rhetoric, the final chapter aims to prove that American policy was unsuccessful in maintaining multilateral consensuses on sanctions or even re-containing Iraq in tighter box through the smart sanctions initiative. Thus in the case of Iraq the American policy were backfiring.

Thus, the Iraq case is vital as a case study because the US learned that comprehensive international sanctions were unsustainable, and this gave the inception to the thought of restructuring a new sanctions regime in what was called smart sanctions or targeted sanctions. In other words, the US government however late recognized that comprehensive sanctions were ineffective to contain or dislodge Saddam.

This work aims to overcome the shortcomings pertaining to the study of economic sanctions in general through taking Iraq as a significant case in point. This study would like to encourage international relations students and policymakers to think more deeply about the sanctions' ineffectiveness. No study pays attention to trade volumes or inter-Arab trade relations with Iraq during the sanctions' era. Another major factor of this work is the identification of some of Iraq's neighbours as major sanctions-busters. They opened their borders to trade and commerce in millions dollars with Iraq despite the theoretical existence of sanctions regime. No single study has looked at how regional trade undermined the sanctions' regime



and tied the regional countries to the economic well being of Iraq. Moreover, there is no academic study on trade relations between Iraq and Europe, including Russia. The aim is to bring this view into the discussions and academic debate on global political economy. A treatment of international sanctions is incomplete without full integration of relevant factors and major actors that have disturbed the sanctions mechanism and helped its ineffectiveness on Iraq. This thesis covers the most important part of these economic and political relations with Iraq in the era of sanctions. Thus, the thesis comes to fill an important gap in the study of economic sanctions.

The people who advocated sanctions on Iraq forgot that many international and regional countries viewed Iraq's oil, potential market, domestic stability, and strategic location as very vital to their national interests and economies. The work will show to pro-sanctions policymakers that sanctioning comprehensively and for long periods a rich and strategic country under an entrenched authoritarian ruler is politically and economically unrealistic.

## 1.2 Hypothesis

One of the main aims of the research is to challenge the conventional wisdom in the policy and scholarly communities about economic sanctions. This being:

That Iraq's sanctions were a success story in terms of containing Saddam Hussein inside his box keeping him isolated politically and economically because economic sanctions severely isolated his regime regionally and internationally.

The thesis will establish the following:

- 1) That Iraq's oil resources and the oil-for-food deal was the seed for the economic sanctions collapse. The oil-for-food agreement paved the way for normalization of trade with Iraq, gave Iraq access to its old business network and the wider international commercial and oil market. It also created a business lobby for Iraq especially in the Arab world, Russia and Europe for the lifting of sanctions in order to implement contracts. The programme also helped to erode the international political consensus that was in existence during the Gulf War of 1991. Thus, the growth of the legitimate trade under that programme fostered also illegal trade and commercial contacts including smuggling of oil and equipments forbidden under the UN sanctions regime. A significant number of major firms traded with Iraq in the era of sanctions. Some private companies and individual businessmen disregarded sanctions and traded with Iraq through the extremely porous borders of Syria, Turkey, Iran, Jordan and even Saudi Arabia. Implicitly and sometimes explicitly the neighbours of Iraq turned a blind eye to these illegal trades due to their own political agenda and policy at the time. When the oil-for-food programme was inadequate for their bilateral trade with Iraq, many regional nations just allowed illegal trade and smuggling to take place and refused to place UN monitors on their borders. Syria was a notable case in point.



- 2) Three kinds of factors impacted the evolution of the sanctions regime and its consequences: economic, humanitarian, and strategic. These factors worked at two levels: regional and international and rendered the sanctions regime and the logic behind it ineffective.
- 3) That the Arab world broke the regional economic sanctions for economic, strategic, and cultural reasons. The Palestinian *Intifada* helped accelerate Iraq's integration with Arab world. The Arab dimension helped to leave Saddam regionally powerful with porous borders.
- 4) That the international community traded, negotiated, and opened diplomatic ties with Baghdad despite American displeasure. This helped break international sanctions, stripping them of their economic and political logic and effectiveness.

The regional factor was essential and had the direct impact on the sanctions regime. Without the regional states full cooperation on sanctions, the sanctions net on Saddam was loose, the borders extremely porous, and the embargo unsustainable. The international factor comes second as it means that Saddam regime was rehabilitated into the world economy. Iraq under the oil-for-food programme was allowed to sell unlimited amount of oil and trade with many nations including major nations with veto powers in the Security Council such as France, Russia, the United Kingdom, and China. The oil-for-food deal allowed Iraq to re-enter the global oil market, attract and entangle world business community in Iraq's present and potential market, re-established old business networks around the world, and created a powerful lobby for Saddam among the permanent five nations on the Security Council.

Therefore, a different regional and international perception on economic security existed, regarding the use of power politics, and other strategic issues. Economic interests overlapped between allies especially as Europe, Russia, Asia and the Arab nations got the bulk of the present and potential lucrative commercial and oil contracts in Iraq during the Saddam era.

All these factors together helped collapse the sanctions regime and undermined its logic. In addition sanctions generated an international moral humanitarian dilemma. This all left America under the Bush administration with two policy options, live with unsanctioned Saddam or overthrow his rule.

### **1.3 Methodology**

Why a new study of sanctions against Iraq? We have seen many Western perspectives on this timely topic. However, most were sympathetic to ordinary Iraqis in terms of the negative humanitarian effects resulting from the years of sanctions. Most researchers focused on the suffering of people under the siege of sanctions and were calling for more targeted sanctions. They criticised the American stance on sanctions and regime change, and blamed them solely for the humanitarian crisis in Iraq, which these writers have seen as being responsible for the collapse of sanctions. Other books focused on Iraq's history since the overthrow of the monarchy in 1958. There is now a great deal of material on this subject available. Hardly any popular or scholarly book or research attempted to study the political economy of sanctions as the core factor or indicator behind the collapse of sanctions and the drive to war with Iraq in March 2003. While this research does not deny that the moral and humanitarian issue constitutes a factor in the overall collapse of sanctions, the author has purposely concentrated on other factors as the prime causes for sanctions' collapse. The author believes that the greatest unexplored area in previous literature was how regional and international politics and economy helped destroy the logic behind sanctions, and constrained US policy to the extent they had to remove Saddam from power unilaterally without a clear UN mandate or public legitimacy. Any research on the Iraq sanctions and political economy is bound to be incomplete without the exploration of these vital areas. Thus this study attempts to fill these gaps in the story of economic sanctions, to provide a fuller, more convincing picture of the situation that led to the collapse of sanctions and the subsequent war than that given in previous studies the author employed a set of sources in relation with topic.



The chosen methodology centred around the collection of primary data, and relevant secondary literature on inter-Arab politics, inter-Arab trade, international political economy, oil, and international relations.

Personal observations based on private interviews were added on the issue of regional and international relations with Iraq. Off-the-record discussions with businessmen from various states sometimes revealed impressions and perspectives on the issue of sanctions and trade with Iraq. They did not want to be named directly and I respected that wish. However I quoted some as anonymous sources and used some information from these discussions as background in this research.

As a Dutch citizen from Iraqi origin and coming from a business family that has contributed greatly to Dutch companies in Iraq and eventually Dutch economy since the 1970's, this research benefited from my firsthand knowledge in indirect and direct ways from this personal experience. The author has advised Dutch businessmen on their dealings with Iraq under the "oil-for-food" deal, as well as advising the EVD (The Netherlands Foreign Trade Agency) -which is part of the Ministry of Economic Affairs- on Iraq. Moreover, my multicultural background also benefited this thesis turning into the first scholarly work on sanctions by a Dutch author of Iraqi origin.

The author did not rely on one source of information and checked facts with more than one source. The author carried out a substantial amount of research on the topic. This included careful review of secondary literature from very recent books on the theory of economic sanctions, its many case studies as well as that of Iraq. Arabic sources such as Al-Hayat Arabic daily and Al-Jazeera.net were also used. In the absence of a reliable body of knowledge on this topic, in order to create a rich and multi-sourced research filled with primary data, this research also obtained its empirical information from United Nations documents, EIU, OPEC, BP Statistics, MEED, MEES, UNICEF, WHO, FAO, the Netherlands foreign trade agency (EVD), and the Jordan Central Bank.

The author found Jordan to be very transparent country therefore it was easy to obtain data on its trade volume with Iraq during the sanctions era as well.

However, Turkey, Syria, UAE, Iran, Saudi Arabia and the rest did not clearly declared their official statistics on their trade volume with Iraq during the sanctions era.

The author used other information from other Arabic newspapers, magazines, and news agencies as a means of supporting the primary data. The author believes that Al-Hayat and Al-Jazeera were sources worthy of documentation as they have an international reputation for professional and reliable reporting. Moreover, there are hardly any books in Arabic on the topic of political economy of sanctions and most books in Arabic have focused on the humanitarian tragedy of sanctions. Consequently, they have not been very helpful for this research. The author did however review many Iraqi newspapers.

The research explored and used information including breaking news on the commercial and political situation in Iraq from reputable news agencies such as Reuters, Associated Press (AP), Agence France-Presse (AFP), BBC News Online, and CNN News Online. Respected journals were also used for this research such as International Affairs, Foreign Affairs, and Middle East Policy, Human Rights Quarterly. International Newspapers such as Jordan Times, Gulf News, International Herald Tribune, the Guardian, Times, New York Times and the Washington Post provided me with valuable analysis, and data. Policy briefs and analysis from major Western think tanks were also used in this study.

It must be emphasized, that this study is not meant to be a concise history of Iraq or sanctions. The methodology chosen is rooted in political economy: the relationship between economics and the state. That is why the author refrained from including overly detailed historical material in this research.



## **1.4 Scope of the study**

The first chapter in part II explores and shows key Arab states' political and economic relations with Iraq in the sanctions' era. At the same time, it encompasses a chapter on Iraq's relations in a global context, exploring and studying various key international countries economic and political relations with Iraq in the era of sanctions. These chapters also illustrate various countries' foreign policy on Iraq during the sanctions. These two chapters are essential for producing a strong understanding of how the regional and global context affected the sanctions' regime and helped directly in its demise. These chapters also show how the international dimension, and specifically, the policies of these states, Iraq changed towards more trade and interactions with Iraq despite the continuance of Saddam in power and his defiance of UN Resolutions.

Having discussed the regional and global political economy machinery and its effects on the international sanctions on the case of Iraq, the thesis then turns to other factors that led to the demise of comprehensive economic sanctions on Iraq. Chapter 6 examines how moral tension inside the UN and the influence of NGO's and UN agencies pushed towards the gradual easing of sanctions, stripping them of their credibility and political effectiveness. In sum, it also considers how that moral crisis managed to develop a human rights' lobby for Iraq against sanctions.

The final chapter looks at how the United States policies were challenged by Iraq and its friends in the UN from the smart sanctions initiative till the beginning of the war that brought Saddam's downfall. This chapter will also discuss how the tragic events of 9/11 affected United States' Iraq policy, linking how Iraq's new found relations during the sanctions era with key countries like France, Germany, Russia and the Arab world acted as a major political obstacle and diplomatic embarrassment to United States new policy of pre-emptive strike against Iraq. The global challenge to American Iraq-policy helped Saddam during the sanctions era and tried to exert political pressure on the United States to halt its attempts to overthrow the Saddam Hussein regime.

Each chapter contained in this work contributes to show how the fences of comprehensive international economic sanctions were overcome and eroded. The motivations, reasons and factors that made and helped that happen are all considered.



## **Chapter two**

## 2. REVIEW OF LITERATURE ON ECONOMIC SANCTIONS

Foreign Policy makers call it the best option between military conflict and engagement diplomacy, the business community argue that they exert a big economic toll as they deny businesses access to markets whilst placing those businesses in a disadvantaged position vis-a-vis their competitors, while human rights organizations say they are morally wrong because they lead to death and humiliation of non-target actors. Economic sanctions have been around for very long time, but in the Post-Cold War era, economic sanctions got more popular than ever. Previously, sanctions were hindered by the threat of the powerful USSR veto at the UN Security Council. Sanctions reduce countries to starvation, denied the very essentials to survive, i.e. clean water, food, and electricity, trying to reduce the entire population to an impoverished state to push them to up rise against the targeted enemy government. President Woodrow Wilson described it “...No, not war but something more tremendous than war. Apply this economic, peaceful, silent deadly remedy and there will be no need for force. The boycott is what is substituted for war.”<sup>1</sup>

This section will discuss theoretical aspects of this powerful non-military foreign policy tool. What are economic sanctions? In what circumstances can economic sanctions be effective? Why do they fail? Why has nations continued this policy? This section will investigate the role, efficacy and limitations of economic sanctions in the international community today keeping in mind the case central case of this thesis, Iraq.

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<sup>1</sup> Quoted in Geoff Simons The Scourging of Iraq: Sanctions, Law and Natural Justice (Macmillan Press, 1996), p.33.

## 2.1 Definition of sanctions

Richard Haass described sanctions as “predominantly economic but also political and military penalties aimed at a state or other entities to alter political and /or military behaviour.” He added, “The tactical purpose of a given sanction can be to deter, coerce, signal, and/or punish.”<sup>2</sup>

Judith S. Yaphe takes a simplified look at what sanctions are all about, commenting that they “initially were seen as a way to influence, shape, or modify the behaviour of a wayward state much the same way parents deal with a wayward child—you will not develop and use weapons of mass destruction (WMD), you will not frighten or invade your neighbour, you will not terrorize or oppress your people or any other people.”<sup>3</sup>

While Adam Winkler gave a more realistic definition to economic sanctions as he identified it as a set of restrictions and rules aimed at hindering or terminating trade with a target nations “Economic sanctions are limitations on trade or access to markets enacted to encourage a target nation to behave in a way preferred by the sanctioning nations.”<sup>4</sup>

Daoudi and Dajani defined sanctions as “actions initiated by one or more international actors (the ‘senders’) against one or more others (the ‘targets’) with either or both of two purposes: to punish the targets by depriving them of some value and/or to make the ‘targets’ comply with certain norms the senders deem important.”<sup>5</sup>

Similarly, in their contribution on economic sanctions, Gary Hufbauer and Jeffrey Schott defined the foreign policy tool as: “the deliberate government inspired

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<sup>2</sup> Richard N. Haass (ed) Economic Sanctions and American Diplomacy (Council on Foreign Relations, 1998), p.1.

<sup>3</sup> Judith S. Yaphe “Iraq: The Exception to the Rule” The Washington Quarterly Winter 2001 p.126.

<sup>4</sup> Adam Winkler “Just sanctions” Human Rights Quarterly 1999, vol. 21, p.136.

<sup>5</sup> M.S. Daoudi and M.S. Dajani Economic Sanctions: Ideals and Experience (Routledge, 1983), p.7.



withdrawal, or threat of withdrawal, of 'customary' trade or financial relations," which can be used to coerce problematic states.<sup>6</sup>

Geoff Simons takes a harder stance when defining sanctions, calling them a form of punishment and humiliation to humanity, as sanctions for him "is generally intended to serve as a form for punishment, a practical signal that the targeted state is manifestly derelict in its ethical or legal behaviour. Here there is the obvious question of who is to judge. The much-quoted Juvenal question *quis custodiet ipsos custodies?* ('who will guard the guardians?') can be recast to highlight the problem of establishing the authority behind the imposition of a sanctions regime: *quis iudicabit ipsos iudices?* ('who will judge the judges?'). In the event the effective authority derives from power, rather than from any unassailable ethical status. States may act in concert through international bodies or unilaterally. In all cases 'sanctions' is virtually synonymous with 'punitive sanction'."<sup>7</sup>

Certainly his definition of sanctions deserves attention as it offers more careful analysis of what is economic sanctions as well as it is strikingly different in terms of depth from that given by other authors. Simon identified four major elements of economic sanctions. The four elements are boycott; embargo; sanction; and quarantine. He concluded that all these terminology for economic sanctions were nothing but punishment and warfare against innocent civilians. The differences in terminology was explained by Simon " A boycott is generally recognised as an action designed to achieve the economic or social isolation of an individual, group or nation to express disapproval, to coerce change, or to function as a supplement to a military campaign. This from Captain Charles Boycott, and English estate manager in Mayo, Ireland, whose ruthless rent-collection policies in the 1880s so enraged the impoverished Irish tenants that they refused to harvest crops for him. Thus a boycott is typically seen as a concerted campaign of social or economic non-intercourse as a means of expressing disapproval or applying coercion. It is

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<sup>6</sup> Gary Clyde Hufbauer & Jeffrey J. Schott Economic Sanctions Reconsidered: History and Current Policy (Institute for International Economics, 1985), p.2.

<sup>7</sup> Geoff Simons Imposing Economic Sanctions: Legal Remedy or Genocidal Tool? (Pluto Press, 1999), p.9-10.



used as a policy in international relations, regarded (according to taste) as a synonym for `embargo` or as distinct from this term. There are many historical examples of international boycotts; for example, the American refusal to buy British goods after the enactment of the Stamp Act of 1765, the refusal of the Chinese to buy United States products in 1905 because of the racist US immigration policies, and the Arab League's compilation of Israel-friendly foreign companies with which Arab trade is forbidden. The boycott need not be primarily economic (as with the US boycott of the Moscow Olympic Games in 1980 and the reciprocal Soviet boycott of the Los Angeles Games in 1984)."

The author added, "An embargo (Spanish, embargar, Latin, imbarricare from barra, `bar`) is depicted in international law as a ban on the movement of goods to a foreign country by land, sea or air. The embargo is said to be `hostile` where the property of a foreign state is detained- for return if no war occurs and for forfeiture in the event of war; and `civil` when domestic ships are prohibited from transporting goods to foreign territory. Embargoes can be used for many purposes; for example, to aid a war effort, to coerce another state, and to support domestic commercial activity by preventing scarce resources from leaving the country. The US Embargo Act of 1807, a famous example, was enacted to protect American shipping at a time when the British were blockading Napoleonic France and its allies and so impeding American efforts to trade with a belligerent in non-contraband goods. President Thomas Jefferson believed that the British need for American food and raw materials would force respect for US neutrality, but the embargo was opposed by American force and other commercial interests. In 1809 the Embargo Act was replaced by the Non-intercourse Act, which allowed trade with some European countries."

Then the author discussed the third element and that is sanction, in which he defined "A sanction (French, sanction; Latin, sanctio from sancire, `to render sacred or inviolable`), in international affairs, is a penalty imposed against a nation to coerce it into compliance with international law or to compel an alteration in its policies in some other respect. Originally an ecclesiastical decree, a `sanction` may be considered to have an ethical component, encouraging moral action or serving to validate a moral judgement. Economic sanctions were

imposed by the League of Nations and subsequently by the United Nations in many different contexts; and powerful nations, particularly the United States, have found them a helpful unilateral tool of foreign policy. Where a state is relatively weak it is usually unable to mount an effective challenge against internationally mandated sanctions or analogous economic measures introduced unilaterally by powerful country.”

The author elaborated “Attempts to indicate the various elements of sanctions show the diverse ways in which economic pressure can be brought to bear against a targeted state. Some of the measures may require legislation, intended to have domestic or international affect; others may not. For example, conventional definitions imply that boycott does not necessarily have the force of law, signalling no more than a form of ostracism conducted on a private rather than a legislative basis. The boycott is often seen as a retaliatory act, instituted by government or private interest and intended to encourage other bodies to follow suit. Embargo, characteristically carrying the force of law, is a stronger measure typically implemented in time of war or threatened hostilities.”<sup>8</sup>

Economic sanctions on Iraq incorporated many of Simon’s points from boycott, embargo, and the sanctions. Iraq suffered severe and comprehensive forms of economic sanctions ranging from boycotts of its sports teams and cultural activities to imposing diplomatic and economic sanctions on it. But later Iraq gradually circumvented all these barriers and managed to trade and interacts with the international community despite the theoretical existence of economic sanctions however this point was ignored by Simon’s work on sanctions.

Simon addressed the issue of economic sanctions from a moral perspective categorising economic sanctions to be morally unacceptable and unjustifiable instrument of foreign policy as it inflict an international suffering and harm upon the citizens of sovereign countries.

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<sup>8</sup> Geoff Simons Imposing Economic Sanctions: Legal Remedy or Genocidal Tool? (Pluto Press, 1999), p.8-9.



George E. Shambaugh presented another analysis and definition on sanctions: "Economic sanctions present a stark intellectual puzzle to students of international politics. Though often maligned, misused, and misunderstood, they stand as the policy tool of choice against foe, friends, and firm. Indeed, the United States has imposed sanctions against other countries nearly seventy-five times in the past five years—more than half the total instances in which sanctions have been imposed against other countries since World War II. The stated purposes for imposing these sanctions have varied widely. They includes discouraging the proliferation of weapons and strategic goods, as well as punishing countries for perceived violations of human rights and religious freedom, terrorism, drug trafficking, and violations against the environment."<sup>9</sup> He defined sanctions as "an economic penalty or cost that is imposed by a sender on a designated target, regardless of the particular form that it takes or the ends that it serves," while he sees economic incentives as "an economic reward or benefit that is bestowed by the sender to the target." He conceded, "While scholars and policy analysts disagree about the types of goals that economic sanctions and incentives can be expected to achieve and, consequently, the criteria against which to evaluate their effectiveness, there is a general consensus that their overall success rate is low."<sup>10</sup>

Thus one can conclude that there was near-unanimity among scholars and policy makers that economic sanctions are a tool to punish a target country and extract full compliance along the lines of the sender country's vital national interests, and that their role was transformed after the collapse of communism. Thus, economic sanctions are used to influence and change behaviour. Although many historic uses of sanctions can be found in cases like in the ancient Greece with the Megarian decree, to the American colonies boycotting English goods and the examples are many, the dramatic increase in use of sanctions in international relations can be traced to the end of the Cold War.

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<sup>9</sup> George E. Shambaugh States, Firms, and Power: Successful Sanctions in United States Foreign Policy (State University of New York Press, 1999), p.1.

<sup>10</sup> Ibid., p.4.

## 2.2 Why economic sanctions in foreign policy?

Franklin Lavin, the executive director of the Asia Pacific Policy Center in Washington, explained why sanctions were so appealing to foreign policymakers: “The economic role of foreign policy continues to attract considerable interest, Woodrow Wilson summed up the appeal of economic sanctions, stating that they are an ‘economic, peaceful, silent, deadly enemy.’ First, the use of economic policy to advance foreign policy goals is perceived to be cost free, or at least low cost. Second, it is less brutal and thus more acceptable than military conflict. Third, it is a normal human desire to want to be aware of the moral consequences and propriety of one’s actions.”

In a fascinating fashion, Lavin divided economic sanctions into two major schools of thought. The first he called Oxygen and the second he named Asphyxiation. Under the Oxygen school of thought, “economic policy can reduce trade barriers such as tariffs and quotas and adopt more active measures such as loans, credits, trade and investment missions, and foreign aid.” The Asphyxiation strategy included “impeding exports to, or imports from, the targeted country and restricting financial flows.”<sup>11</sup>

The Oxygen strategy, according to Lavin, argued, “That greater economic activity will lead to positive political consequences.” This view was widely held in and attempted by Europe where they strongly believed that economic power; trade, investment, and growth can lead to positive changes within the targeted society and the leadership behaviour as they see the economic improvements and rewards. This school of thought encouraged European and Arab trade, diplomatic ties, and cultural interactions with Baghdad.

However, the other school, the Asphyxiation, strongly believed in economic sanctions and using trade as a punishment tool. Lavin explained this school of thoughts in four points: “First, attaching an economic cost to bad behaviour acts

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<sup>11</sup> Franklin L. Lavin “Asphyxiation or Oxygen? The Sanctions Dilemma”, Foreign Policy, Fall 1996, 104, p.140.



as a disincentive. Second, the economic cost of sanctions can directly ameliorate the problem by limiting the government's capacity to engage in the offending practices." Lavin added, "Third, if pushed to extremes, economic sanctions could even topple a government through mass discontent or unhappiness within a leadership faction, thereby ending the bad behaviour." This clearly did not happen in Iraq for the past 12 years of economic sanctions and especially not in the most comprehensive early years of them. Lavin went on to highlight the fourth point "asphyxiation has a certain appeal over oxygen because it is an active step, while oxygen is essentially passive. If governments need to demonstrate they are 'doing something,' then asphyxiation fits the bill."<sup>12</sup>

Lavin gave examples of successes and failures according to how the two schools viewed it. Naturally the Asphyxiation side and its scholars tended to highlight "the Reagan administration's determination in restricting the Soviet Union's access to international funding as a factor that exacerbated its economic problems. In the end, Soviet leader Mikhail Gorbachev had to come to terms with the West, this theory holds, because he had no economic option except to reduce military expenditures." Lavin pointed out that "South Africa is also held up as an example of government against which sanctions were used successfully. After years of economic stagnation, the South African business establishment realized that apartheid was increasingly untenable and that their prospects for preserving their position lay in changing the status quo rather than preserving it. They shifted to favouring majority rule not so much from a democratic impulse but so that the boycott would be ended."<sup>13</sup>

However, the Oxygen school of thought contests these findings, claiming that other examples proved that economic sanctions were not necessary to achieve the desired foreign policy goals instead economic ties can work better. Lavin stated "In the Oxygen camp, most analysts of South Korea and Taiwan conclude that their moves toward democracy and a Western-style human rights standard were facilitated by their prosperity in the 1980s. The autocratic leadership in these two countries could relax political controls with a fair amount of confidence in

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<sup>12</sup> Ibid., pp.141-142.

<sup>13</sup> Ibid., p.142.



continued domestic stability as the countries were enjoying substantial economic success. Economic growth promoted the establishment of an educated middle class that sought and received more political freedoms.” That camp also pointed out to another example of sanctions’ failure: “Economic sanctions against Cuba have existed as long as the 37-year-old Castro regime, yet Fidel Castro remains unchallenged.” Lavin cited another example highlighted by that camp: “The East European country that interacted most frequently with the West was East Germany because of its special relationship with West Germany. West Germany’s Ostpolitik employed a deliberate policy of economic engagement, or Osthandel.”<sup>14</sup>

An interesting point was made by Adam Winkler who compared and contrasted the use of economic sanctions to that of warfare “Although sanctions may be similar to war in some ways, the differences between them have led to the increasing use of the former. Warfare has lost much of its attractiveness as a means of pursuing international objectives, particularly in the West. The reasons for this are multifaceted, but three factors deserve special attention. First, there is popular awareness of the human cost of modern warfare. On account of the mass media’s coverage of warfare in the last half of this century—from Algeria to Vietnam to the former Yugoslavia—familiarity with the “face of battle” extends far beyond the battlefields themselves.” Winkler added “In contrast to the horror and savagery of modern war, sanctions offer an approach to international coercion that sheds no immediate blood and causes fewer dramatic casualties.”<sup>15</sup> The Iraq experience with sanctions resulted in many sufferings among the children, women and elderly and was in many ways a silent warfare that added to the agony of the Iraqis who went out from an Iran-Iraq war and the Second Gulf War (1991) destructions. Moreover, this silent weapon may have been the preferred weapons of the Clinton administration but the George W Bush administration did not believe that sanctions were doing its job in containing or removing the threat of Saddam. The frustration and failure resulting from the Iraq experience of sanctions made this economic and diplomatic tool not desirable strategic measure for the Republican decision makers in Washington. Sanctions as a policy tool

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<sup>14</sup> Ibid., p.143.

<sup>15</sup> Adam Winkler “Just sanctions” Human Rights Quarterly 1999, vol. 21, p.136-137.

failed to enforce the containment of Saddam and thus were not effective or useful in advancing US interests. Thus they choose military force and the commitment of American troops on the ground to that of economic sanctions. This was a clear indication that sanctions on Iraq had failed.

Winkler second's factor behind the increased use of economic sanctions was linked to globalisation and the global economic interdependence "A second reason for the rise of sanctions is the development of the international economy, the growth of which has exposed new vulnerabilities of nations." He added "The interdependence of the international economy means that even the developing countries rely heavily upon international trade to supply raw material and technological resources. Economic interdependence has made the restriction of trade a more viable method of achieving foreign policy objectives. If one state—or several together—has a vital role in another's economy, it can use its economic leverage to attempt to bring about conformity to its interests."<sup>16</sup> In addition to these two reasons, Winkler believed that the third factor behind the excessive use of economic sanctions was "the end of Cold War, which has created further vulnerabilities to economic coercion."<sup>17</sup>

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<sup>16</sup> Ibid., p.137.

<sup>17</sup> Ibid., p.138.



## 2.3 The effectiveness of sanctions and their consequences

Lavin highlighted two important requirements to make sanctions an effective tool in reaching foreign policy objectives: "Two core determinants of sufficiency are geography and alliance solidarity. A country that is landlocked or has few neighbours will be more vulnerable than one that is littoral or extensive. Geography is a given; solidarity is dependent on allies sharing the same perception of a problem and the same prescription. Otherwise, countries will agree to subscribe to the proposed economic sanctions only when the costs are so low as to make their participation essentially symbolic."<sup>18</sup> As will be proved in part two of this thesis, the main vital requirement stated by Lavin was not there to support US policymakers with the Iraq issue. Iraq is not a fully landlocked country as it has a narrow yet very important harbour on the Persian Gulf. It also has six neighbours with porous borders, and the allies were divided concerning the Iraq issue. In addition, the cost in terms of trade, oil, and human were high for many countries to just continue sanctions against Iraq indefinitely, as America had hoped.

From that outlook, Lavin raised vital questions on the theory and utility of economic sanctions. "Will the target country be hurt more than the implementer or the implementing alliance?" he asked. No doubt that one of the reasons the world started to trade with Iraq was to secure and continue its commercial vital interests which sanctions were hurting. Here, the implementer was economically hurt, as their companies were disadvantaged in forgone profit and trade contracts. Lavin explained: "In order to deprive the target country of \$1 million worth of petroleum, it could cost the implementer \$1 million foregone profits. Economically sanctions can hurt the target country less than the implementing country. When the United States imposed a grain embargo on the Soviet Union in 1980, the Soviet easily found other suppliers, but the United States found no alternative buyers." Lavin significantly pointed out that: "Disrupting trade hurts all of the target country's trading partners as well. It is easy for the United States

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<sup>18</sup> Franklin L. Lavin "Asphyxiation or Oxygen? The Sanctions Dilemma", Foreign Policy, Fall 1996, 104, p.144.



to support an economic blockade against Serbia, but it was much more difficult for the neighbouring states of Bulgaria, Greece, Hungary or Romania to do so. Yet without their support the blockade is meaningless.”<sup>19</sup> This point is important. The thesis will clearly show in part two that Iraq’s neighbours could not carry on with sanctions against their national and commercial interests. Thus, this vital point allowed Saddam to break through the most important part of the sanctions blockade, the regional sanctions.

Lavin accurately concluded that, “Core issues of sovereignty cannot be addressed successfully by sanctions. What country would choose national humiliation over economic hardship? Since even seemingly minor issues—a fishing dispute, for example—can be perceived as a test of the sovereignty and integrity of a government, sanctions must be implemented in such a way as to not back the target country into a corner. Presentation becomes important so as to ensure that the threat of sanctions is not perceived as a challenge to a country’s sovereign integrity. Particularly, political sensitivities make sanctions a more effective tool in dealing with friendly countries than with unfriendly ones, for with the former there is no issue of sovereignty at stake. The prospect of sanctions can be held out with regret, and not as a threat.”<sup>20</sup> This was an issue of contention between Iraq and the Arab world from one side and the US and UN from the other side, concerning the weapons’ inspections crisis; where Iraq used the sovereignty pretext to hide its weapons and programmes from the Americans and the UN, while America worked hard to eliminate and find Saddam’s weapons yet still used the issue to humiliate Saddam and Iraq’s sovereignty. This led to diplomatic moves by various forces in the UN in order to solve the crisis, but this resulted in UNSCOM losing power and being dismantled, while Saddam’s weapons remained unchecked and not completely found.

The problems with economic sanctions were highlighted clearly by Cortright and Lopez. While Lavin highlighted both side of the arguments on sanctions, Cortright and Lopez believes that sanctions had more disadvantages than advantages. Many of what they highlighted can be clearly seen in the Iraq

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<sup>19</sup> Ibid., pp.145-146.

<sup>20</sup> Ibid., p.147.



experience with sanctions. First, they stressed that "The economic success of sanctions does not guarantee political success." They conceded: "to the dismay of decision-makers, economic strangulation did not automatically or consistently lead to political compliance." This can be seen in Iraq. Sanctions did not remove Saddam from power or even push him to change his behaviour. He remained defiant to UN rules and US power. They accurately stressed that: "Some nations began to understand sanctions as instruments of punishment and retribution rather than as tools of diplomatic persuasion, which generated cynicism and further criticism of sanctions as a policy instruments." This was an implicit criticism on American foreign policy which did not wish to compromise with Iraq or even offer a reward for any possible Iraqi compliance, which in turn created a division and generated criticism from US allies who believed in compromise and diplomacy as an instrument that goes along with sanctions. They maintained that "it was clear that sanctions carried with them the potential for bitter irony: often imposed to prevent human rights abuse and lawlessness, sanctions sometimes strengthened the centralized control of repressive regimes. At times they also disempowered those who were opposing from within policies that were being subject to isolation from without."<sup>21</sup> Indeed, sanctions strengthened Saddam domestically and even regionally as it presented him as the victim of "imperialist" policy to weaken Iraq in particular and the Arabs in general.

Sanctions triggered nationalism-instead of a rebellion against Saddam's regime-among the Iraqis, as they were made to believe that the UN weapons inspectors were in Iraq to delay the lifting of the economic sanctions that had become the source of their daily suffering and agony. Many Iraqis were caught between Saddam's brutality and sanctions' hardship. One such Iraqi, a university professor who earned a degree in international relations at Britain's Reading University echoed what almost all Iraqis inside Iraq felt of sanctions: "The embargo is the most humiliating thing. I'm a university professor. I have a PhD. How can I be neutral towards America when every month I have to go and get my food rations to feed my kids?" He added "We've been eating lentils and beans for 12 years

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<sup>21</sup> Lloyd Axworthy, Foreword to David Cortright & George A Lopez The Sanctions Decade: Assessing UN Strategies in the 1990s, (Lynne Rienner, 2000), pp.3-4.

now. Life should not be like that.”<sup>22</sup> The state controls the goods, thus the people became dependent on the state, while the Iraqi middle class was destroyed and brought to poverty. Scarcity was rampant while the state controlled the oil and the distribution of goods and food. A government that is not entitled by taxation and elections like in the West to its subjects -does not need its people and does not fear them too. Saddam exploited sanctions and the weakening of the Iraqis’ economic situation to his advantage to maintain and exploit political control and power.

The second problem seen by Cortright and Lopez was that: “The United Nations system lacks the ability to administer sanctions.” They asserted: “In an era of financial constraint at the UN, the Security Council and its sanctions committees lacked sufficient resources to evaluate and implement sanctions.”<sup>23</sup>

The authors accurately stated the third vital point: “There are tensions between the goals of the Security Council and those of members of states.” They clearly highlighted that: “The history of the Iraqi and Libyan cases in particular reflects tensions between UN objectives and those of major states like the United States and Great Britain. A related concern is the manner which major states tend to ‘move the goalposts’ regarding criteria for the removal of sanctions once a Security Council Resolution is in place. The letter of the law, as imbedded in the text of Resolutions, loses prominence, while the most powerful states, especially the United States, interpret the spirit of the Resolutions to meet their own particular interests.”<sup>24</sup>

“The available evidence suggests that sanctions by themselves are seldom able to achieve major policy changes in a targeted regime,” the authors claimed. They added: “The more ambitious the instrumental objectives, the less likely that sanctions by themselves will be able to achieve these goals.”<sup>25</sup> They indicated: “if the goals are more modest, especially if they are used to bring the targeted regime

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<sup>22</sup> Reuters 25 February 2003.

<sup>23</sup> Cortright and Lopez (2000), p.5.

<sup>24</sup> Ibid., p.6.

<sup>25</sup> Ibid., p.17.



to the bargaining table, the prospects for success are greater.”<sup>26</sup> Their studies stated that economic pain does not result in political or street revolution against the targeted government. They pointed out clearly that economic strangulation did not necessarily result in political impact: “There is no assurance that a sanctioned population will redirect the pain of external coercion onto political leaders and force a change in policy, especially with the authoritarian or dictatorial regimes that are the usual targets of sanctions. When civilian populations are terrorized and lack basic democratic rights, they have few means of influencing government policy. On the contrary, they are more likely to be victimized by sanctions.”<sup>27</sup> The Iraq experience clearly showed that. No significance uprising, military coup, or a mass revolution-that threatened the power base of Saddam or his two sons-took place in Iraq during the sanctions era (1991-2003) as a direct result of sanctions suffering or frustrations. Instead Iraqi’s remained powerless and their energy consumed by the daily hardship of sanctions and the brutality of the regime in Baghdad.

Tim Niblock highlighted an important drawback of economic sanctions, which was ignored by Richard Haass, and which Part Three of this thesis also deals with, the humanitarian issues:

Attitudes towards sanctions are clearly conditioned by perception of the current global order. The Western powers that have orchestrated the imposition of UN sanctions portray sanctions as the instruments through which a peaceful world order can be built, where transgressions of international law are punished through the channels of international institutions. States that are the targets of sanctions, however, are able to mobilize a good portion of international opinion to their side by portraying a different perception, wherein sanctions are an instrument to establish and maintain the new Western hegemony and international institutions are used to provide a cover for the pursuit of Western (particularly US) interests...Resistance to sanctions, within the perspective of the negative critique, thus does not imply disregard

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<sup>26</sup> Ibid., p.18.

<sup>27</sup> Ibid., p.20.

for international law but rather a determination not to allow international law and international institutions to be used to promote Western/US interests. The ability of states to withstand the effects of UN sanctions Resolutions, by mobilizing international sympathy and support, is substantially strengthened by this perception. It shapes the dynamics of support for, and opposition to, the use of sanctions.<sup>28</sup>

Tim Niblock forcefully concluded:

Economic sanctions have tended to strengthen regimes. The assumption that sanctions will help the population by opening opportunities for civilian forces to overthrow an oppressive and undemocratic regime, therefore, is unjustified. There are three processes through which such strengthening can occur. First, the impact of the sanctions tends to make populations even more dependent on the government, mainly for provision of the basic rations needed for survival. The rationing system becomes an effective instrument for control. This has happened in both Iraq and Libya. Second, sanctions may strengthen a regime's ideological legitimacy. If the regime has projected itself to its population through an ideology built around nationalism—where external powers (especially Western powers) are seen as imperialist crusaders intent on undermining local sovereignty and indigenous interests—then the imposition of Western-orchestrated UN sanctions will reinforce the regime's central ideological message. The regime's analysis of the international order will carry conviction. The Iraqi, Libyan, and Sudanese regimes have all purveyed, from their inceptions, a nationalist ideology. The imposition of sanctions, therefore, can be and has been used by those regimes to buttress popular acceptance of the core ideology and to mobilize popular support. Third, the regime can gain some credit domestically by deftly defending the country from an external onslaught (as perceived by the population). Its ability to manoeuvre

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<sup>28</sup> Niblock (2001), p.6.



successfully to build support in the international community, to withstand and circumvent a blockade, to bring in the basic goods needed by the population, and perhaps to throw doubt on the legality of what is being done to the country, can all strengthen popular support. This factor has been evident in both Iraq and Libya.<sup>29</sup>

Meghan L. O'Sullivan fittingly established a parallel between the shrewd sanctions and the way its tools have been employed. O'Sullivan refused to label sanctions as a economic coercion tool as an outright failure instead criticising the way sanctions have been implemented by foreign policy decision makers. She stressed that for sanctions to be shrewd "must be crafted to suit the circumstances of the case in a way that best advances the objectives at hand. She pointed "A sanctions regime intended to advance the goal of regime change should look different from one expected to accomplish containment. Both should differ substantially from a sanctions regime proposed to bring about changes in the behaviour of an existing regime."<sup>30</sup> She accurately concluded "sanctions must be multilateral if they are to be shrewdly employed for containment purposes."<sup>31</sup>

O'Sullivan maintained that sanctions were not smart is the result of many factors the most important of all of them is the "lack of strategic thinking" she asked "Why has the shrewd use of sanctions been so rare in the past? The haphazard use of sanctions is in part due to a lack of strategic thinking. The notion that sanctions regimes can and should be structured in different ways depending on their goals is not widely recognized."<sup>32</sup>

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<sup>29</sup> Ibid., p.218.

<sup>30</sup> Meghan L. O'Sullivan Shrewd Sanctions: Statecraft and State Sponsors of Terrorism (The Brookings Institution 2003), p.287.

<sup>31</sup> Ibid, p.289.

<sup>32</sup> Ibid, p.295.



## **2.4 Proliferation of sanctions and United States foreign policy**

Although many historic uses of sanctions can be found in cases like in the ancient Greece with the Megarian decree, to the American colonies boycotting English goods and the examples are many, the dramatic increase in use of sanctions in international relations can be traced to the end of the Cold War.

Richard Haass stated that the use of sanctions was more easily occurring now than before the Cold War when the Soviet Union was more powerful: "In many cases sanctions can now be introduced without Russian opposition, be it political (where a Russian veto in the Security Council is by no means automatic); economic (Russian has less of a commitment to relationships that would lead it to provide aid and thereby offset any penalty imposed on one of its allies); or military (Russia is less likely than was the Soviet Union to block any Western or US attempt to enforce a trade-related sanction). In this sense at least, the end of the Cold War should make sanctions an instrument of greater potential impact."<sup>33</sup>

This thesis disagrees with Haass on that issue. Maybe his assessment in theory was correct for a short while, perhaps until the mid-90s; however, and as is explained in detail in the second part of this thesis, Russia started following its own interests especially in the case of Iraq, and of course in the other cases Iran, North Korea, Libya, former Yugoslavia and Cuba. Russia found itself that the United States was maintaining economic sanctions and prolonging them against a major country like Iraq with whom Russia has a broad range of importance or even vital interests. In scenes reminiscent of those of the Cold War, Russia even threatened to use its veto powers in the Security Council many times during the many Iraq standoffs at the UN. Russia used the Iraq issue to get back onto the world stage as a power that can still be reckoned with. This had an adverse impact overall on the effectiveness of sanctions. Increasingly France and Germany, sometimes supported by China joined the Russians in their efforts to relax

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<sup>33</sup> Haass (1998), p.5.

sanctions on Iraq, help prevent regime change, and tried to hinder a complete US dominance of world politics and economics. This interesting phenomenon, which impacted sanctions' policy on Iraq negatively, will be explained in detail in the coming chapters.

Many have argued that the United States is the most powerful nation in the world today that employs economic sanctions in its foreign policy. In an attempt to face up to threats from states that hold animosity towards or threaten vital US national interest- labelled by US government as pariahs or rogues states-US policymakers used economic sanctions for a wide range of purposes as a central foreign policy tool all through the 90s. Critics charge that this wide-spread reliance on sanctions as a core foreign policy tool is both an indication and a result of inefficient, confused American foreign policy through the 90s.

Thus it is vital here to establish that the use of economic sanctions after the Cold War was a weapon used by American leaders and administrations more than any other country in the globe. Richard Haass conceded: "No other country tries to uses economic sanctions so frequently—and no other country possesses America's power and influence."<sup>34</sup> The excessive use by the US of economic sanctions was attributed by Richard Haass to America's domestic political circumstances. America's hesitation to employ its armed forces abroad or what is widely known as the "Vietnam complex", the power of the Congress who favours economic sanctions, the media pressure, the historic relevance, and it is seen as a less costly less risky tool among the foreign policy decision makers.

Richard Haass stated that sanctions "satisfy a domestic political need to do something and can serve to reinforce a commitment to a behavioural norm, such as respect for human rights or opposition to proliferation." Haass added, "American reluctance to use military force is another motivation—particularly in those instances in which US interests are not deemed sufficiently important to justify casualties and high financial costs. Sanctions provide a visible and less expensive alternative to military intervention at the same time they provide an

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<sup>34</sup> Ibid., p.4.



alternative to doing nothing or limiting the US reaction to rhetoric.” He argued that many in the United States see sanctions as an action “that appears to involve less risk and cost (be it human, financial or moral) than using military force.”<sup>35</sup>

The threat and application of economic sanctions have been central elements of the US Congress effort to act as a power centre in American and world politics. Richard Haass made this clear: “The growth of congressional power also helps explain the prevalence of economic sanctions. The Constitution divided the foreign affairs’ power between Congress and the executive, and over the past quarter century there has been a shift in the pendulum toward Congress. Thus sanctions are introduced regularly by members of Congress—often at the behest of single or special interest groups—through legislation or as amendments to legislation.” The growing importance of economic sanctions as a tool of American foreign policy is interestingly attributed by Haass to the growing visual power of communication technology represented by the media. “The greater reach of media is another factor. The so-called CNN effect can increase the visibility throughout the United States of problems in another country and stimulate a desire on the part of Americans to respond. Sanctions offer a popular and seemingly cost-free way of so doing.” Richard Haass contend that the proliferation in the use of sanctions among American leaders can be traced back to historical contexts: in other words, the United States has tried it before. “Despite these changes, sanctions are nothing new to the United States. The American Revolution was in part a revolt against British sanctions. Indeed, sanctions occupy an important if not always distinguished place in US history. Sanctions helped trigger the War of 1812, weakened the Confederacy a half century later, and were levied against Spain during the Spanish-American War of 1898.” He goes on saying “Sanctions were also an important tool of American statecraft during the Cold War. At times, the target was the behaviour of the Soviet Union and its allies.”<sup>36</sup>

Echoing Richard Haass, Tim Niblock fittingly established that the proliferation of sanctions came after the collapse of Communism as a powerful block in the UN: “The use of UN sanctions must be viewed within the context of the world order

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<sup>35</sup> Ibid., p.2.

<sup>36</sup> Ibid., p.3.



that came into existence after the disintegration of the Soviet Union and the collapse of communist regimes in Eastern Europe. It was only with this so-called New World Order that the UN Security Council gained the practical ability to impose sanctions. Prior to that, the divisions between East and West had ensured that there was never sufficient common ground for such actions to be taken. The dynamics of international relations under the New World Order, in fact, have not only enabled sanctions to be imposed but also shaped the character, content, and sustainability of sanctions.” Niblock is correct to argue that Iraq was the first occasion that the Security Council had specifically authorized a comprehensive economic sanction with that magnitude on under the new international order. “Events in the Arab world, moreover, carry particular relevance to conceptions of the New World Order: much of the early debate on the New World Order was engendered by the international reaction to Iraq’s occupation of Kuwait in August 1990. There is good reason, therefore, to be attentive to the links between the New World Order and UN sanctions.”<sup>37</sup>

As stated by Richard Haass, the United States is the principle user of economic sanctions, and thus one needs to understand how the United States selects a country for sanctions and why. The United States and its subsequent administrations since Ronald Reagan’s presidency, when communism was seen as the standard terror, evil and aggression, have viewed and termed states that are at the top list of its concern as “pariah states”, which then became “rogue states”, then changed to “states of concern”, and after September 11<sup>th</sup> the term became “alliance of evil”. Most of these states have had economic sanctions imposed on them. Noam Chomsky defined the term “rogue state” as a term that “has two uses: a propagandistic use, applied to assorted enemies, and a literal use that applies to states that do not regard themselves as bound by international norms.”<sup>38</sup>

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<sup>37</sup>Tim Niblock Pariah States & Sanctions in the Middle East: Iraq, Libya, Sudan (Lynne Rienner Publishers, 2001), p.2.

<sup>38</sup>Noam Chomsky Rogue States: The Rule of Force in World Affairs (Pluto Press, 2000), p.1.

Tim Niblock explained how the United States' government viewed these states:

Such states were deemed to be playing an international role that was not only disruptive to US interests but was also contrary to the norms and values of the international order. The "pariahs" had to be restricted and contained until domestic political changes removed the leadership that had inspired the state's delinquency. The normal patterns of economic and diplomatic relations had to be disrupted, with as many countries as possible drawn into the boycott. Negotiating with them would do no good, as they could not be trusted to abide by international commitments. Perceptions of pariah-hood, therefore, are of direct relevance to the imposition, implementation, and dynamics of sanctions regimes.<sup>39</sup>

Perhaps the most significant explanation of American policy on sanctions is written by Meghan L. O'Sullivan, who stated: "One of the major dilemmas faced by American policymakers today is how to treat the countries that the United States now refers to as "rogues." America's European and Asian allies had traditionally dealt with these countries by engaging them with commercial and diplomatic contacts. In contrast, the United States had generally pursued policies of containment, where economic and diplomatic isolation on the target country has been virtually inevitable." O'Sullivan conceded: "Castigating countries that oppose US interests as outlaws or pariahs is certainly nothing new. However, the concept of a "rogue" state has been popularised in the post-Cold War era in response to the changing nature of threats facing the United States and, many have argued, in an attempt to fill the void that the demise of the Soviet Union and international communism created." She pointed out four reasons why the United States categorizes a country as a "rogue": "pursuit of weapons of mass destruction, support for terrorism, reprehensible treatment of their own citizens, and vocal animosity toward the United States." She stressed that: "a country must be guilty in all four departments in order to be classified as a "rogue" in American

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<sup>39</sup> Niblock (2001), p.12.



politics.” O’Sullivan observed: “In pursuing these objectives, the United States has relied largely on policies that isolate or punish the offending “rogue.” Punitive tools, such as military force, covert action, and the strengthening of a regime’s neighbours or rivals, have sporadically played important roles in America’s quest to marginalize or replace “rogue” regimes.”<sup>40</sup>

The tragic terrorist events of September 11<sup>th</sup> persuaded George W. Bush to identify Iraq as one of the three powers in his “axis of evil” doctrine. This doctrine replaced the earlier “rogue” regime doctrine. Under this new doctrine, the administration adopted vigorously the “regime change” strategy that the Clinton administration initiated first but never implemented. For that the Bush administration called for the removal of Saddam regime and the liberation of Iraq by military action.

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<sup>40</sup>Meghan L O’Sullivan “Sanctioning ‘Rogue’ States: A Strategy in Decline?” Harvard International Review, summer 2000.  
[www.brook.edu/dybdocroot/views/articles/osullivan/2000summe](http://www.brook.edu/dybdocroot/views/articles/osullivan/2000summe)



## **Chapter three**

# **3. RATIONAL FOR SANCTIONS AGAINST IRAQ**

## **3.1 Overview of economic sanctions on Iraq**

The UN Security Council took the original decision to impose a comprehensive regime of economic sanctions on Iraq shortly after the Iraqi occupation of Kuwait began in 1990. The objective of the policy at this point was fairly clear: to censure Saddam Hussein's regime for its violation of international law and to apply pressure to persuade Iraq to withdraw its forces from Kuwait. As events developed, the international community ultimately chose military action rather than sustained financial pressure as the primary means of ending the occupation. Saddam's forces were driven from Kuwait in the "Gulf War" of 1991 by an international coalition of forces led by the United States and including many of Iraq's Arab neighbours.

However, rather than reducing or suspending the sanctions after the conclusion of the war, the Security Council chose, with the support of a broad international consensus, to enhance them and extend them to cover an effectively indefinite period of time. The total number of Security Council Resolutions from 1990 to 2000 reached 53 Resolutions on the case of Iraq. The most important of them is the one that imposed the sanctions regime on Iraq, the Resolution that called for using all means to push Iraq outside Kuwait even by using military means, and the "oil-for-food" Resolution. The first of all these Resolutions was Resolution 660, issued on 2 of August 1990, the same day the Iraqi forces entered Kuwaiti soil. The UN Resolution asked Iraq to leave Kuwait immediately and without conditions. Then the many other Resolutions that placed economic penalties and demanded the full destruction of Iraq's WMDs were enacted. Later the "oil-for-food" deal was initiated due to the mounting tragic humanitarian situation among the ordinary innocent Iraqis.



Sanctions after the Gulf War 1991 were partly a result of the UN's desire to send a strong message to Iraq and other would-be aggressors that the organisation could and would attach a high economic price to hostility against its member states. However, and more importantly, the policy was also the product of a complex agenda which reflected the fact that key actors in the international community regarded the Resolution of the Gulf conflict as far from satisfactory.

While Saddam's forces had been defeated militarily and driven from Kuwait, he and his regime remained in power in Baghdad, occupying such a strongly entrenched position that it would be effectively impossible to remove them without engaging in a major invasion of Iraq. However, the first Bush administration, as well as those of Clinton, did not find it necessary to commit a massive number of American troops on the ground to overthrow Saddam's regime. Instead, they relied heavily on sanctions, which went for too long, and were too untargeted, harming economic and national interests of many countries and thus lost their effectiveness and logic.

The fear of creating a democracy in Iraq by many of America's allies in the Middle East region if America decided to liberate Iraq from Saddam rule's and install a more moderate democratic government was another reason, which kept sanctions as the only foreign policy tool for 12 years and is evident in the very theme of the "oil-for-food" deal. This deal could also have been used as oil for democracy instead of only food. The West could have also pressured the Iraqi dictator by using sanctions to promote democracy, but they chose not to, due to the above reasons. Most of the Arab states neighbouring Iraq also refused to cooperate or support the Iraqi opposition. They also feared democracy in Iraq because such a thing might encourage their already deprived people to demand a similar system and freedom. Jeremy Binnie, a *Jane's Intelligence* specialist in London, conceded that democracy in Iraq "could make Saudi Arabia look like a feudal state, reactionary when it comes to advancing democracy in the region."<sup>41</sup> While Fuller E Graham and Rend Francke admitted that: "Discussion of the viability of democracy in a future Iraq frequently founders on anxieties about the

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<sup>41</sup> AP, 6 September 2002.

Shi'a majority in Iraq and its implications for Iranian influence in the country in the future."<sup>42</sup> The media in the Arab world and the West started to pick up these fears and expanded them in an exaggerated ways to reach policy makers in the world to increase their fears of a change in Iraq thus keeping the status quo of Saddam's regime, trying to contain him in his box.

It is important to add here that after the Gulf War and during the twelve years of sanctions, Saddam managed to establish many militias/paramilitary forces made from schoolboys, such as the lion cubs of Saddam, and Saddam's Fedayeen. Military training camps throughout Iraq were open to train people. It is said that each of these militias has some one million people. This gave the West and key regional powers an indication of what kind of chaos that could ensue if Saddam was taken from power in Baghdad. They feared street fighting along ethnic and sectarian lines that could result in the break up of Iraq and its state.

Given the fact that the major coalition members were thus either unable or unwilling to encourage a war to remove Saddam's regime, the consensus among external actors seems to have been that the possible desirable outcomes were limited to: a coup d'etat by political and/or military elements that would remove Saddam and his close allies but leave the bulk of the existing ruling structure in place. It was generally recognised that the circumstances within Iraq at the time that such an outcome would be unlikely to emerge, in either the short or the long term, unless the international community continued to apply heavy economic pressure. Thus maintaining economic pressure was seen by much of the international community as a key imperative. It was also recognised that even sustained pressure would not necessarily produce the desired result of forcing Saddam out of power. For as long as Saddam's regime managed to stay in power, and in the eventuality that it would be able to persist for a long time, a second imperative was to keep Saddam's regime as weak as possible and to limit his ability to exert any kind of regional or international interaction or influence.

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<sup>42</sup>Graham Fuller & Rend Francke The Arab Shi'a (Macmillan Press, 1999), p.2.



The enhancement and extension of the sanctions' regime was essentially intended to address both of these imperatives. In short, the principle aim of the policy was to drive Saddam out of power if possible, or, failing that, to stop him from ever again becoming a real force in the Middle East. Of course, this central objective can be sub-divided into a number of more specific component objectives. These may be summarised as follows:

- To prevent Saddam's regime from taking advantage of Iraq's considerable oil wealth.
- To weaken the regime's domestic position by forcing it to contend with the dissatisfaction of Iraq's impoverished citizens.
- To prevent the regime from using Iraq's potentially significant economic influence as a way of rehabilitating itself as a legitimate regional and international actor.
- To prevent the regime from rebuilding its military forces.
- To give the UN an economic lever to pressure the regime into complying with measures designed to stop it from producing and stockpiling weapons of mass destruction.

Although it is certainly true that it was generally accepted at the time of the sanctions' initial implementation that their duration would be indefinite, it seems very unlikely that anyone anticipated at the time that they would continue for over a decade, exact such a heavy toll on the Iraqi people and have so little practical effect in terms of undermining Saddam's regime. On the contrary, it is probably accurate to suggest that, in the immediate aftermath of the Gulf War, there was an overly optimistic expectation in the international community that Saddam's days in power was numbered.

As time passed, it became clear: 1) that even during and directly after the war, Saddam's position within Iraq was never as seriously threatened as many in the international community had hoped and/or imagined; 2) that his position was possibly becoming even stronger over time; and 3) that, in some respect, the sanctions were actually contributing to his ability to maintain his stranglehold on

power. A natural consequence of this growing awareness was that the countries that made up the international coalition which opposed Iraq during that Gulf War, and that supported the continuation of the economic blockade thereafter, have gradually become increasingly disenchanted with the sanctions' policy.

Many Arab countries began calling for an end to sanctions as soon as it became clear that the Iraqi people, rather than Saddam and his government, were bearing the brunt of the hardship associated with them. Conditions in Iraq had become so bad and when this factor was coupled with economic, oil and business interests the UN was virtually forced to make some sort of modification to the comprehensive sanctions regime on humanitarian grounds. The result was Resolution 968, which established the first "oil-for-food" facility. At later stages this UN deal, allowed the Iraqi regime to sell up to \$2 billion every 180 days on the condition that the money raised could only be used to buy and import food, medicine and other items for the rebuilding of Iraq's infrastructure. In 1998, Iraq was allowed to sell as much as \$5.26 billion every six months while in 1999; the ceiling on its oil exports was removed by the Security Council.<sup>43</sup>

Cortright and Lopez illustrated the American predicament in the UN on Iraq:

After more than eleven years of continuing sanctions, the United Nations has been unable to achieve its objectives in Iraq. The sanctions have constrained Iraq's military capabilities, but they have not succeeded in convincing Saddam Hussein's government to comply fully with the UN mandate on disarming weapons of mass destruction. On the contrary, Iraqi defiance of UN policy has deepened and become more strident frontline states, Iraq has aggressively pursued policies to undermine the sanctions, and international compliance has steadily eroded. Unauthorized trade has

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<sup>43</sup> Office of the Iraq Programme, United Nations, 18 July 2003.  
<http://www.un.org/Depts/oip/background/index.html>



increased, and commercial and transportation links with Baghdad have multiplied.<sup>44</sup>

The following section will examine the oil-for-food deal and illustrates its implications on the multilateral comprehensive economic sanctions on Iraq.

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<sup>44</sup> Cortright & Lopez (2002), p.21.

### **3.2 Oiling the wheels of Iraq's sanctions: the Oil-for-Food Scheme and its consequences**

During the period of the oil-for-food programme almost all the EU countries re-opened their embassies in Baghdad, and participated in Iraq's annual trade fairs, and dispatched lawmakers, parliamentarians and human rights' activists to assess the impact of sanctions on the Iraqi people, accepted Iraqi official delegations in their countries including business delegations and governmental figures, re-opened Iraqi embassies in their countries, and broke the air embargo on Iraq. Subsequently, Saddam's regime took almost every possible opportunity to challenge the limits of the sanctions regime and increase the differences between the world and the United States. Baghdad awarded commercial and oil/gas contracts on political rather than professional bases. Arab countries, China and Brazil and other countries also restored their diplomatic missions in Baghdad, despite economic sanctions and the lack of regime change. France withdrew from patrolling the no-fly zone jointly with the US and Britain. They began to view economic sanctions, especially the oil ban against Iraq, as a pure US personal agenda causing adverse affects on their own commercial and national security interests. Many nations were becoming more and more critical of the sanctions' policy as a whole. It was becoming clear that there was no longer a sufficient international consensus to maintain anything like a comprehensive economic blockade.

The "oil-for-food" deal boosted Iraq's commercial importance. Countries started to place their commercial calculations as a priority once again. This in turn gave Baghdad a mean to influence policy in many powerful capitals in Europe or the Arab world. Instead of tightening the economic embargo even further, countries started turning their backs on the economic sanctions to foster trade and ties with the Iraqi regime. This is exactly what Saddam wanted and achieved through the "oil-for-food" deal. Charles Tripp asserted: "For Saddam Hussein, the main advantage of this agreement was not merely that it placed additional revenues in his hands, but also that it might be a prelude to the end of sanctions since it brought Iraq back into the world market as an oil producer and, potentially, as a



major consumer of industrial goods. It was clearly his hope that this would help to build momentum within the UN for the lifting of sanctions. It was a momentum that the Iraqi government had been seeking to encourage since at least 1992. In particular, Iraq had targeted Russia and France as members of the UN Security Council that were owed roughly \$10 billion and \$7 billion, respectively, by Iraq, largely for weapons purchased during the 1980s. They had every interest, therefore, in seeing Iraq's reinstatement as a major oil-producing power and the Iraqi government reinforced these interests by signing a number of agreements with Russia and France companies for the development of Iraq's oil industry once sanctions were lifted." Tripp, who illustrated the success of Iraqi diplomacy during the sanctions' era, added: "These moves were accompanied by other diplomatic initiatives on the part of Iraq. The more remote Gulf states were cultivated, leading Oman, Qatar and the United Arab Emirates to join the ranks of those who called for the immediate end to the UN sanctions and the rehabilitation of Iraq."<sup>45</sup>

The table below will illustrates how the oil-for-food deal and the UN Secretary-General compromised the most comprehensive sanctions ever imposed in any nation in history and helped expand the oil-for-food deal programme to the advantage of the Iraqi regime allowing them to increase legal trade and oil export by that contributing significantly to the collapse of the comprehensive sanctions regime on Iraq.

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<sup>45</sup> Charles Tripp A History of Iraq (Cambridge University Press Tripp, 2000), p.262.

**Table 3.1 Chronology of the oil-for-food**

2 August 1990	Iraqi forces invaded Kuwait. On the same day, the Security Council adopts Resolution 660
6 August 1990	Resolution 661 is adopted by the Security Council which imposed sanctions on both Iraq and Kuwait
20 March 1991	A report by Under Secretary-General Martti Ahtisaari warns of imminent catastrophe if massive life-supporting needs are not met
3 April 1991	The Security Council. In Resolution 687, sets terms for a cease-fire, disarmament and removal of Iraq's capacity to develop weapons of mass destruction
15 August 1991	The Security Council adopts Resolution 706 offering an opportunity for Iraqi oil to be sold and the revenue used to purchase essential humanitarian supplies. This Resolution is not accepted by the Government of Iraq
14 April 1995	Resolution 986 is adopted by the Security Council, Iraq subsequently refuses to accept its terms
20 May 1996	Following extensive negotiations, a Memorandum of Understanding is signed between the Government of Iraq and the United Nations Secretariat regarding the implementation of Resolution 986
10 December 1996	Phase I officially begins with the pumping of Iraqi oil for export



8 June 1997	Phase II officially begins. However, the Iraqi Government announces that oil will not be pumped under this phase until a new distribution plan is approved by the Secretary-General
4 December 1997	The Security Council adopts Resolution 1143, extending the Programme for another six months. It also requests the Secretary-General to submit a supplementary report, reviewing humanitarian needs, and expresses its willingness to authorize "additional resources"
5 December 1997	Phase III officially begins. The Iraqi Government announces that pumping of oil under phase III will not flow into the pipeline until the distribution plan is approved by the Secretary-General
1 February 1998	Secretary-General's Supplementary Report offers proposals to improve the process of contract approval and delivery. The report proposes to raise the ceiling of oil sales every six months (per phase) from \$2 billion to \$5.2 billion
20 February 1998	The Security Council adopts Resolution 1153 authorising the increase in the Programme and requests that the Secretary-General appoint a group of oil experts to look into Iraq's oil producing capacity and the need for spare parts and equipment

20-23 February 1998	Secretary-General Kofi Annan travels to Baghdad to defuse the growing political crisis with the Government of Iraq on the issue of UN weapons inspections
15 April 1998	The Secretary-General transmits the report of the group of oil industry experts who note the lamentable state of Iraq's oil industry and recommend the provision of equipment and spare parts to increase Iraq's ability to export oil
19 June 1998	The Security Council adopts Resolution 1175 authorizing Iraq to import up to \$300 million worth of oil industry spare parts and equipment in order increase production of oil for export
28 September 1998	Secretary-General Kofi Annan appoints Hans von Sponeck, A German national, to the post of United Nations Humanitarian Coordinator in Iraq
4 January 1999	OIP is advised by the Government of Iraq that it is unable to ensure the security of United States and United Kingdom nationals serving with the Organization in Iraq. On 3 February, the United Nations withdraws all US and UK nationals working in Iraq
30 January 1999	Following a proposal by Canada, the Security Council establishes three separate panels on disarmament, humanitarian situation and prisoners of war and Kuwaiti missing persons



13 May 1999	The Secretary-General approves the inclusion of a new sector in the distribution plan-telecommunications
21 May 1999	OIP Executive Director presents the Secretary-General's 180-day report on phase V to the Security Council. He emphasizes that the Programme cannot –and was never meant to- meet all the humanitarian needs of the Iraqi people, nor can it restore Iraq's economic and social infrastructure to pre-1990 levels
4 October 1999	Resolution 1266 (1999) adopted by the Security Council permits Iraq to export an additional amount of \$3.04 billion of oil in phase VI to make up for the “humanitarian deficit” in revenue in phases IV and V
12 October 1999	Secretary-General recommends that the Security Council approve the request to increase by \$300 million the allocation for oil spare parts and equipment, bringing the total allocation to \$600 million, during phase VI
22 October 1999	The Secretary-General in a letter to the Security Council expresses concern over the growing number of holds placed on applications and the resultant serious implications for the implementation of the humanitarian programme
12 February 2000	The UN Humanitarian Coordinator for Iraq, Hans von Sponeck, announces he will leave his post

1 March 2000	In line with paragraph. 17 of Resolution 1284 (1999), the UN begins implementation of accelerated or "fast track" procedures for the approval by notification of contracts for humanitarian supplies as per lists approved by the 661 Committee`
29 March 2000	The Security Council Committee approves two more lists of commodities-in the health and agriculture sectors- for "fast track" contract processing
31 March 2000	Security Council adopts Resolution 1293 based o the recommendation of the Secretary-General report of 10 March 2000, raising the funding level for oil spare parts and equipment from \$300 million to \$600 million per phase
20 April 2000	At a formal meeting of the 661 Committee on the issue of "holds" Benon V Sevan points out that the effectiveness of the programme has suffered considerably, not only because of funding shortfalls in earlier phases, but also because of the very large number of applications on hold. He reiterates the Secretary-General's appeal for a further review and reconsideration of applications on hold which have a direct negative impact on the implementation of the programme
8 June 2000	The Security Council adopts Resolution 1302 which extends the programme for



	<p>another 180 days. It invites the Secretary-General to appoint independent experts to prepare a comprehensive report and analysis of the humanitarian situation in Iraq. Other measures include: application of accelerated procedures for the approval of water and sanitation equipment; allocation of \$600 million for oil spare parts under phase VIII; and requests the Secretary-General to appoint additional oil overseers</p>
12 June 2000	<p>The Secretary-General approves the proposal of the Government of Iraq to include a new housing sector in the distribution plans for phases VI and VII</p>
28 June 2000	<p>A gunman attacks the Baghdad office of the United Nations Food and Agriculture Organization (FAO) Two FAO staff are killed and six injured, including four Iraqi government guards, in an exchange of gunfire</p>
17 July 2000	<p>The Security Council Committee (661) approves the list of oil spare parts and equipment eligible for approval by notification under the accelerated procedures</p>
1-16 August 2000	<p>Benon V. Sevan, the Executive Director of OIP undertakes a 2-week mission to Iraq</p>
11 August 2000	<p>The Security Council Committee (661) approves the list of water and sanitation supplies eligible for approval by</p>

	notification under the accelerated or “fast track” procedures
1 September 2000	The Security Council approves a massive expansion of the health sector list for “fast track” procedures
3 October 2000	In a letter to the President of the Security Council, the Secretary-General express serious concern on the total value of holds on applications for humanitarian supplies
31 October 2000	The Security Council’s 661 Committee authorises the UN Treasury to open an UN Iraq account in euro. It also requests an in depth report within three months on the costs and benefits for the Programme and other financial and administrative implications of the payment for Iraqi oil in euro
1-12 December 2000	Iraq suspends its oil exports under the United Nations oil-for-food programme over oil pricing disagreement with the UN
5 December 2000	The Security Council adopts Resolution 1330 extending the programme for an additional 180 days (phase IX). It directs the sanctions Committee to approve lists of supplies and equipment in the electricity and housing sectors for “fast track” approval procedures, as well as expand the existing lists in other sectors; reducing the allocation for the UN Compensation Fund from 30 to 25 per cent, transferring the additional



	funds to the “53 per cent” account for humanitarian supplies in the centre/south of Iraq to address the needs of the most vulnerable groups and; requests the Secretary-General to make arrangements to allow funds up to 600 million euros to be used for the cost of installation and maintenance for the oil industry
26 February 2001	The Security Council’s 661 sanctions committee approves a list of 26 items in the housing sector for “fast track” processing by OIP
26-27 February 2001	High-level talks are held in New York between the United Nations and an Iraqi delegation headed by the Foreign Minister of Iraq on the situation in Iraq, including the humanitarian programme
24 May 2001	A list of 97 items is approved by the Security Council’s 661 sanctions committee in the electricity sector for “fast-track” processing
4 June-10 July 2001	Iraq suspends its oil exports under the programme over its rejection of Resolution 1352 (2001)
26 & 28 June 2001	The Security Council holds an “open meeting” on Iraq at the request of the Russian Federation. The Under-Secretary for Foreign Affairs of Iraq, Mr. Riyadh Al-Qaysi, as well as 38 member-states, including the 15 members of the Security Council, and the Permanent Observer of the League

	of Arab States (LAS) address the Council
2 September 2001	The Government of Iraq declares four current and one former UNOHCI staff <i>persona non grata</i>
3 January 2002	In a letter to the President of the Security Council, the Secretary-General advises of his approval of phase XI distribution plan, submitted by the Government of Iraq on 23 December 2001. The plan foresees a humanitarian budget of over \$4.43 billion for 13 sectors countrywide
14 January-10 February 2002	The Executive Director of the Iraq Programme, Benon V. Sevan, undertakes a three-week working visit to Iraq, including a week-long visit to the three northern governorates
8 April-9 May 2002	The Government of Iraq announces a 30-day suspension of its oil exports under the programme, in support of Palestinians
14 May 2002	The Security Council adopts Resolution 1409 (2002), introducing the Goods Review List (GRL) and a new set of procedures for the processing and approval of contracts for humanitarian supplies and equipment.
28 October 2002	The Security Council's 661 sanctions committee approves a list of about 6,000 items to be "fast tracked" by OIP

Source: Office of the Iraq Programme, 25 August 2003,

<http://www.un.org/Depts/oip/background/chron.html>



This thesis argues that, ultimately, the oil-for-food deal was a very serious concession. Although it can hardly be criticised in terms of its humanitarian intent, it served to significantly strengthen Saddam's hand:

1) Because it gave the Iraqi regime access back to the world market. If one look at statistics and trade volume between Iraq and the many countries during the sanctions era, one can see that the oil-for-food deal meant nothing but resumption of normal economic activities and relations between Iraq and the world.

2) Iraq had the chance to reopen its oil pipelines by that connecting its economy to the Mediterranean, the outside world, as well as the neighbouring countries. 3) The Programme re-energized and increased Iraqi oil production. 4) Created influence for Iraq in the world economy with its oil supplies. 5) Iraq's return to the oil market in 1996 under UN authorization has given it more leverage with European, Russian, and Asian states. 6) With every commercial contract and oil money through this UN programme, Iraq managed to consolidate and maintain solid integration into the Middle East economy.

7) Special-interest groups-business companies and associations exerted influence on policy makers and lobbied to have their interests in Iraq served so they can secure lucrative contracts and protect their commercial interests in Iraq. Allowing Iraq back to the international market created a commercial momentum, incentives, and relations in addition it tied many businesses and factories to Iraq thus a behind the scenes lobby formed itself standing against sanctions so they can secure and implement commercial deals. The international business community also wanted to secure post-sanctions favourite commercial position in Iraq.

8) Saddam used this programme for his own narrow political agenda. He awarded contracts to countries that were supporting the lifting of sanctions or one's that could be neutral or plays a modifying role inside the UN Security Council. Thus he created a lobby for his cause inside the UN and the Security Council to pressure the Council for easing or the total lifting of sanctions. In sum, Saddam targeted the consensus for sanctions inside the Security Council to place strain on them in order to render that Gulf War (1991) consensus in the Council fragile and

fractious. The programme gave the Government of Iraq the authority to contracts with foreign companies for the goods and products. This allowed Iraq to politicise the Programme by choosing companies whose countries pursue a diplomatic and political line favourable to Baghdad. Obviously, the Russians, Arabs, French and Chinese got the bulk of these import contracts with that Iraq won strong veto power members of the UN Security Council. Thus by accepting the oil-for-food deal Baghdad has given itself a means to influence policy in the UN regarding its sanctions regime. A look at table above gives us a clear picture of how Saddam used his oil weapon to get more concessions to his own advantage especially in the area of contract holds in the UN Sanctions Committee and in the area of increasing the scope of the oil-for-food deal. The UN needed Iraq's oil to finance the humanitarian programme thus gave in many times to Iraq demands to expand the imports scope to involve oil and infrastructure, to speed contracts in the UN sanctions Committee under the "fast track" procedure, accepting Iraq's distribution plan for all of Iraq including the northern provinces, and finally to change Iraq's oil exports revenue from the dollar to euro.

9) The Iraqi political and military inner circle was protected through that programme as they could order lavish and essential materials for their survival and the maintaining of their domestic power. This in turn boosted Saddam longevity in power and gave him legitimacy and power within the inner circle, the elites and the tribes. 10) Also Iraq through the oil-for-food deal broke the air embargo on it and neighbouring countries including key international actors such as Russia and France resumed few and sometimes regular flights to Saddam International Airport. 11) Psychologically it made people think that the embargo was shattered and that the world was trading openly with Iraq. This helped many to openly infringe the embargo. Parallel schemes gradually build up to smuggle oil outside Iraq and bring in consumer goods and other forbidden products into Iraq outside the UN inspectors eye and in violation of the oil-for-food agreement. Sanctions breaking took place and allowed many Arabs especially Palestinians, Jordanians, Syrian, Lebanese, Egyptian, and non-Arabs such as Turkey and Iran as well as some Europeans to make quick cash as Iraq managed to trade with its neighbourhood and the international community effectively under the cover of the oil-for-food programme in contravention of sanctions.



Iraq's Minister of Trade proudly announced in Baghdad at end of July 2002 that his country's trade volume from the signing of the "oil-for-food" deal in December 1996 had reached \$18 billion. That was in addition to what the Iraqi private sector and other bilateral trade agreements, conducted with the Arab world, had achieved: this totalled \$26 billion, increased by 50% from the total by external Iraqi trade volume.<sup>46</sup> According to the Office of the Iraq Programme in the United Nations, "Some 3.4 billion barrels of Iraqi oil valued at about \$65 billion were exported under the Programme between December 1996 and 20 March 2003."<sup>47</sup>

Saddam also managed to develop and generate money outside the UN deal – sometimes equal or much more than that received from the UN. This allowed Saddam to bolster his internal position through his direct control of the patronage that the oil sales created, and to create the public perception in Iraq that he was a great benefactor who had worked tirelessly to win some relief from oppressive sanctions. It also provided him with funds to pursue his other objectives. Thus, the "oil-for-food" programme flouted almost directly the fundamental intents of the sanctions' regime as a whole. Admittedly, it only gave Saddam's regime limited room for manoeuvre, but it demonstrated that the international community was no longer prepared to prosecute the sanctions ruthlessly, and this prompted Saddam to work at further weakening his opponents' resolve.

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<sup>46</sup> *Al-Hayat*, 26 July 2002, p.2.

<sup>47</sup> Office of the Iraq Programme, United Nations, 18 July 2003.  
<http://www.un.org/Depts/oip/index.html>

**Table 3.2 Iraq revenues from the oil-for food deal for 12 phases that began December 10<sup>th</sup> 1996. Each phase lasts for six months.**

The oil-for-food programme	Barrels (m)	Revenue (US\$ m)
Phase I	120	2,150
Phase II	127	2,125
Phase III	182	2,085
Phase IV	308	3,027
Phase V	361	3,947
Phase VI	390	7,402
Phase VII	343	8,302
Phase VIII	376	9,564
Phase IX	293	5,638
Phase X	300	5,350
Phase XI	226	4,589
Phase XII	84	2,037

Source: EIU Iraq Country Report-September 2002, p.26.

**Table 3.3 Iraq oil exports since the beginning of the oil for food programme**

Phase I-VIII	Volume of oil (million of barrels)	Value of oil exported (\$million)
One	120	2,150
Two	127	2,125
Three	182	2,085
Four	308	3,027
Five	360.8	3,947
Six	389.6	7,402
Seven	343.4	8,302
Eight	375.7	9,564
Total	2,206.5	\$38,602
Phase IX-XIII	Volume of oil (million of barrels)	Value of oil exported (€ million)
Nine	293	€ 6,668 (or \$5,638)
Ten	300.2	€ 6,004 (or \$5,350)
Eleven	225.9	€ 4,886 (or \$4,589)
Twelve	232.7	€ 5,517 (or \$5,639)
Thirteen	169.6	€ 4,175 (or \$4,413)
Total	3,427	€ 27,250 (or \$25,629)

Source: Office of the Iraq Programme, United Nations, 21 March 2003, <http://www.un.org/Depts/oip/background/basicfigures.html>



**Table 3.4 Iraqi oil exports under oil-for-food program, 1998**

Year 1998	Total (Mn B/D)
1Q	1.09
2Q	1.52
3Q	1.77
4Q	1.80

Source: Middle East Economic Survey (MEES), 9 August 1999, p. A2.

**Table 3.5 Iraqi oil exports under oil-for-food program 1999**

Year 1999	Total (Mn B/D)
Jan	2.00
Feb	2.10
Mar	1.87
Apr	2.20
May	2.17
Jun	1.87
Jul	2.34
Aug	2.27
Sep	2.33
Oct	2.01
Nov	1.98

Source: Middle East Economic Survey (MEES), 6 December 1999, p. A6.

**Table 3.6 Iraqi oil exports under oil-for-food program 2000 (MEES Estimates- '000 B/D)**

Year 2000	Total (MEES Estimates- '000 B/D)
Jan	2,180
Feb	2,590
Mar	2,160
Apr	2,630
May	3,030
Jun	2,540
Jul	2,440
Aug	3,000
Sep	2,810
Oct	2,960
Nov	2,700

Source: Middle East Economic Survey (MEES), 11 December 2000, p. A8.

Subsequently, Saddam's regime took almost every possible opportunity to challenge the limits of the sanctions regime, using particularly the issue of UNSCOM weapons inspection mechanism that had been set up by UN Resolution 687 in 1991 to ensure that the regime was not able to produce chemical or biological weapons or weapons of mass destruction. While the US and the UK tended to favour responding to non-compliance with punitive air strikes and bomb attacks against suspected weapons' installations, the international community as a whole was critical of such aggression and preferred to negotiate with Saddam's regime. The chief consequence of this preference was that the "oil-for-food" programme was continuously renewed, amended, relaxed and further compromised to the advantage of the Iraqi regime. In 1998, Iraq's non-compliance reached a level that the UN weapons inspectors had to leave. Iraq later ceased all cooperation with UNSCOM. Negotiations with Iraq to install some kind of a new inspection system failed. Nevertheless, in 2000, UN Resolution 1330 eliminated the revenue ceiling on Iraqi oil sales and provided still more flexibility for Saddam regime.

Key global powers, including permanent Security Council members France, Russia and China, have become more and more critical of the sanctions' policy as a whole. In 1999, the UN passed Resolution 1284, which authorised the possible suspension of sanctions, provided that Iraq would agree to comply with UNMOVIC, a new weapons inspection system designed to replace UNSCOM. Saddam's regime refused and effectively demanded an immediate and unconditional suspension of the sanctions' regime. The Iraqis stayed adamant for four years. It was a telling blow to the future of sanctions policy that this notion received support from a considerable number of countries, not only in the Arab world, but also across the whole of the international community. It was becoming clear that there was no longer sufficient international consensus to maintain anything like a comprehensive economic blockade.

Even the United States, Saddam's chief Gulf War antagonist and the strongest advocate of the sanctions' policy, began suggesting in late 2000 that the blanket sanctions should be replaced with so-called "smart" sanctions, which would specifically target certain areas of the Iraqi economy. At one point in the spring of



2001, the US was apparently ready to support a British proposal in the UN that would end all sanctions with the exception of those banning the trade of weapons-related materials.<sup>48</sup> The United States continued to support this path subsequently; the US delegation at the UN once again raised the possibility of introducing a Resolution that would establish a proposed set of smart sanctions. When Russia threatened to veto any such Resolution, it touched off a series of intense behind-the-scenes negotiations amongst the Security Council members. The decision marked the boldest move yet by Russia in the UN ever since the end of Cold War. The factors behind the smart sanctions initiative will be explored later in the thesis.

The international rehabilitation of Iraq was evident. The travel ban designed to prevent potential trading partners and investors from going to Iraq to arrange business deals was no longer respected or enforced by France, Russia, Turkey, and the Arab world. Directors of major foreign companies were all but openly lobbying, arranging deals and competing with each other for billions of dollars worth of commercially lucrative contracts. Moreover, international companies very well attended international trade fairs in Baghdad in November of both 2000 and 2001, as was an International Exhibition and Conference for the Reconstruction of Iraq's Infrastructure, held in Baghdad in February 2002.

Major petroleum companies have also been working, with some success, to circumvent the sanctions. As one commentator for the *Times* newspaper noted at the beginning of 2001: "Iraq is the cock of gold for oil multinationals and no one should be surprised that Shell is flirting with the regime that guards the world's second-largest oil reserves." The same article stated: "The Anglo-Dutch Oil Company, yesterday admitted that it has been holding talks with President Saddam Hussein's regime on future oil exploration, once sanctions against Iraq are lifted. In a further sign that the decade-old international embargo against Baghdad is falling apart, a spokeswoman for the company confirmed that contacts had been taking place on and off since 1994."<sup>49</sup>

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<sup>48</sup> The Guardian, Thursday 17 May, 2001.

<sup>49</sup> The Times, Wednesday 17 January, 2001.

**Table 3.7 Iraq crude oil production (1,000 b/d), 1989-2001**

Year	1989	1990	1991	1992	1993	1994
daily average	2,785.8	2,112.6	282.5	526.2	659.5	748.7

Year	1995	1996	1997	1998	1999	2000	2001
daily average	736.9	740.4	1,383.9	2,181.1	2,719.8	2,810.2	2,593.7

Source: OPEC Annual Statistical Bulletin, 2001, p.13.

**Table 3.8 Iraq proven crude oil reserves (m b), 1989-2001**

Year	1989	1990	1991	1992	1993	1994
Proven crude oil reserves	100,000	100,000	100,000	100,000	100,000	100,000

Year	1995	1996	1997	1998	2000	2001
Proven crude oil reserves	100,000	112,000	112,500	112,500	112,500	112,500

Source: OPEC Annual Statistical Bulletin, 2001, p. 9.

**Table 3.9 Iraq proven natural gas reserves (Billion standard cu m), 1989-2001**

Year	1989	1990	1991	1992	1993	1994
Proven reserves	3,115	3,107	3,100	3,100	3,100	3,115

Year	1995	1996	1997	1998	1999	2000	2001
Proven reserves	3,360	3,360	3,188	3,188	3,285	3,109	3,109

Source: OPEC Annual Statistical Bulletin, 2001, p.11.



**Table 3.10 Iraq exports of crude oil and refined products, (1,000 b/d), 1989-2001**

Year	1989	1990	1991	1992	1993	1994
Exports of crude oil and refined products	2,405.0	1,722.2	50.5	76.8	76.9	77.8

Year	1995	1996	1997	1998	1999	2000	2001
Exports of crude oil and refined products	81.8	111.7	765.5	1,440.6	2,153.9	2,062.8	1,735.2

Source: OPEC Annual Statistical Bulletin, 2001, p.29.

**Table 3.11 Iraq oil proved reserves**

Year	At end 1991	At end 2000	At end 2001
Proved oil reserves (Thousand million barrels)	100.0	112.5	112.5

Source: BP Statistical Review of World Energy, June 2002, p.4.

**Table 3.12 Iraq oil production, (thousands b/d), 1991-2001**

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Oil production	279	526	465	522	575	625	1201	2162	2581	2624	2414

Source: BP Statistical Review of World Energy, June 2002, p.6.

**Table 3.13 Iraq natural gas proved reserves**

Year	At end 1991	At end 2000	At end 2001
Natural gas proved reserves (Trillion cubic metres)	2.69	3.11	3.11

Source: BP Statistical Review of World Energy, June 2002, p.20.

Under the UN “oil-for-food” programme, Iraq pumped millions of barrels per day into the oil market. Many oil sources predicted that Iraq could export still more if given the opportunity to advance and repair its oil machinery or by allowing multi-national companies to invest in its oil industry. Iraq has enormous reserves of oil and gas that could be extracted at very low costs. Iraq’s oil flowed on to the market and, in effect, sometimes played a key role in setting the world prices.

For instance, the blackouts in California and a dramatic increase in gasoline prices nation-wide prior to the last general election in November 2000 led to widespread talk of a new “energy crisis”. The Saudis angered the Americans by helping to keep OPEC a force to reckon with in the world. The Saudis, Iraqis and Iranians helped shape up discipline inside OPEC, which pushed the price to over \$30 per barrel.

Stephen Pelletiere explained: “In 1999 OPEC embarked on a new course of driving prices back up.” Pelletiere stressed “the United States was constrained to suffer this alteration in a setup that was working fine for it. It did so probably believing that OPEC could not hold out, that, once again, the members would cheat, this bringing about a price downturn.” As Pelletiere indicated “Cheating did not occur. Even the sheikhs, who ordinarily could be counted on for this, held firm. It is not easy to say why this happened, but it would appear that the Saudis had something to do with it.” According to Pelletiere “The Saudi want OPEC to remain a force in world politics. They count on it as a vehicle of their national policy.” The author stated: “That means from time to time it must change direction, even at the risk of displeasing the United States.” At this point, and as he highlighted: “With discipline holding in OPEC ranks, the oil price kept on rising, until by the year 2000 it had reached over \$30 a barrel. Then the United States began to suffer, as certain segments of American society felt the pinch.” This was a hard time for many in the US as Pelletiere illustrated: “The winter of 1999-2000 was intermittently quite cold, which pushed up heating bills in the Northeast. This brought protests from homeowners. The independent truckers



mobilized and 'marched' on Washington, demanding that the government open up the strategic oil reserves."<sup>50</sup>

Moreover, "Iraq and Iran had lined up to push for higher oil prices. Even as the two were refusing to discuss peace, they were nonetheless cooperating on a common oil policy. Even more interestingly, there were signs that in this endeavour, they had the support of the Saudis."<sup>51</sup> Iraq successfully managed to be a swing producer, manipulating the oil market on its own schedule and national interests. It closed Iraq's oil taps many times to influence the prices as well as the UN Security Council. Pelletiere asserted "Gulf oil is important irrespective of whether America has its own or not. Prices cannot be regulated unless Gulf oil production is controlled."<sup>52</sup>

In sum, at the start the sanctions on Iraq were accompanied by efforts to relief the civilian population from the humanitarian crisis through what was called the oil-for-food deal. Yet the outcome of the international community efforts has led to the rehabilitation of Saddam regime, his re-emergence as an important oil exporting state, and renewed the commercial interests and competition for the present and potential Iraqi market and oil. Thus, the oil-for-food deal helped Saddam and contributed in his rehabilitation.

What follows is an account and analysis of how the oil-for-food deal altered the regional and international diplomatic chessboard and with it the effectiveness of the comprehensive economic sanctions.

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<sup>50</sup> Stephen Pelletiere Iraq and the International Oil System (Praeger, 2001), p.220.

<sup>51</sup> Ibid., p.221.

<sup>52</sup> Ibid., p.222.

## **Part Two**



## **Chapter four**

## 4 REGIONAL POLITICAL ECONOMY AND IRAQ

De-containment of Iraq happened because of the collapse of the regional comprehensive economic sanctions. In this chapter, we soon will discover that Saddam managed to break the 1991 siege around him, traded in billions with his neighbours, and form strategic relations, while the United States of America could not sustain or maintain the comprehensive regional siege on Saddam and his regime.

A key characteristic of the post-Gulf War period has been the seeming return of Iraq to the Arab fold after its isolation due to the Gulf War of 1991. The period was characterized by several major shifts in Iraq's alignments with Arab countries marked by political, strategic and economic alliance. This had a tremendous impact on the effectiveness of sanctions against Iraq. Yet no account in the international literature carefully analyses the reasons behind the Arab shifts, offering no insight into the dynamics behind Arab alignment, thus leaving a great deal unexplained and under-explored.

This chapter will devote greater attention to the role of the Arab world on sanctions than has been given so far by the traditional international relations literature. The Chapter will highlight the importance of economics, the Palestinian issue, domestic challenges, and strategic alliances, particularly as these relate to one another to form a powerful determinant of Arab foreign policy towards Iraq during the sanctions' era. During this period, the West lost touch with the new Middle East and Arab concerns while Saddam managed to win the hearts and minds of the region - reminiscent of the "good old days".



The argument of this thesis is that the economic sanctions on Iraq are cut into two different layers: international sanctions, which are discussed in the next chapter, and regional sanctions (which are the result of the general UN sanctions' Resolutions and the political differences inside the Arab house because of and after the 1991 Gulf War), which will be the concern and focus of this chapter.

The main bases of Arab-Iraqi interaction after the Gulf War include several factors. First, were economic factors to secure the domestic political economy and enhance state economic security (i.e. oil, trade, and aid, avert future potential economic challenges). Iraq with its oil, and purchasing power, geographic proximity, as well as the same traditional and cultural taste made a much more attractive market for Arab exports. Also, some of the Arab countries faced dire economic problems during the 90s and the early 21<sup>st</sup> century. They needed to help their industry exports, which in turn helped their domestic employment and growth. Iraq also managed to use smuggled oil revenues to provide aid for some of these Arab governments and civil society.

Second, were political factors (i.e. internal challenges to state stability and regime-consolidation). The apathy of the Iraqi people was translating into frustration and anger amongst Arab public opinion. The longer the sanctions stayed in place, the more ordinary Iraqis looked like the victims and Saddam like a hero for surviving. This presented Arab regimes with shaky legitimacy with a formidable problem. It was an issue that could stir up public anger as long as Saddam stayed in power. His fiery speeches accusing Arab leaders of allying with the United States and Israel against the people of Iraq were not helping these Arab leaders either. Saddam managed to rally the masses not only through rhetorical speeches but also through mobilizing the intelligentsia, musicians and artists.

Third, were strategic factors (i.e. the Arab-Israeli conflict, Turkish-Israeli alliance, water issues, and Iranian armament threat). The strategic regional alliance that was taking place around Iraq during the era of sanctions, in addition to the violence on the Palestinian- Israeli front, helped bring Syria, Jordan, Egypt, and eventually the rest of the Arab states towards closer and sometimes strategic ties with Iraq.

Economic sanctions were imposed by the world coalition that fought Iraq in 1991. This coalition included major Arab countries (i.e. Egypt, Syria, Morocco and the Gulf states). Some of the Arab world broke ties with Baghdad over the Iraqi occupation of Kuwait in 1990. Most of the Arab governments joined the international alliance that drove Saddam troops from Kuwait in 1991. This chapter will clearly show that oil-wealthy Iraq emerged from its 1991 regional isolation. Iraq managed to demonstrate regionally its economic, strategic, and political potential. A large Arab market, oil money, and strategic depth all served as stimuli to move Arab countries towards Iraq despite their political differences resulting from the 1991 Gulf War.

On the one hand, there are the economic indicators of this relationship. Iraq's trade with the Arab world, for example, which reached \$14.5 billion in December 2001, has raised up to \$26 billion. Egypt takes the first place at trade volume of \$3.5 billion, then Jordan at \$2.8 billion and the UAE at \$2.6 billion.<sup>53</sup> On the other hand, there is the political indicator of improved relations, such as when, right after the Arab Summit of March 2001, which showed the beginning of the Saudi-Iraqi rapprochement, the Iraqi Ministry of Information and media asked all print media not to verbally attack Saudi Arabia, Kuwait and Egypt in Iraq's seven main daily newspapers. This rule affected even the President's influential and flamboyant son, Uday, who owns the *Babel Newspaper*. To show its Arab neighbours that Baghdad had agreed to change its tone towards Jordan, Egypt Saudi Arabia or any other Arab states, this rule passed the test when the authority ordered the closure of Uday's *Babel Newspaper* for one month on 20<sup>th</sup> November 2002, because it had verbally attacked Egypt and Jordan for their relations with Israel. This indicates how the Arab factor became so vital for Saddam-who himself used to attack moderate Arab governments who had ties with the US and Israel with nationalist and inflammatory rhetoric.<sup>54</sup>

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<sup>53</sup> [Al-Jazeera.net](http://Al-Jazeera.net), 25 July 2002.

<sup>54</sup> [Al-Jazeera.net](http://Al-Jazeera.net), 20 November 2002.



As a further indication of the eroding of comprehensive sanctions and Iraq growth in trade with the region and international community, the table compare Iraq trade volume with that of the Middle East region and clearly rank Iraq as one of the top ten exporters and importers in the region. The table below shows how Iraq managed to reach the sixth rank in exports and fifth in imports. In exports, Iraq ranked above Libya, Oman, Qatar and Morocco. While in imports it exceeded that of Kuwait, Libya, Algeria, Tunisia, and Morocco. Such reality clearly indicates how Iraq was not isolated country.

**Table 4.1 Iraq climbs up regional trade ranking, top 10 Muslim countries exporters/importers, 2000**

(\$ million)	
<b>Exporters</b>	
1 Saudi Arabia	84,060
2 UAE	39,900
3 Iran	30,017
4 Algeria	19,550
5 Kuwait	19,544
6 Iraq	19,300
7 Libya	14,200
8 Oman	11,328
9 Qatar	9,378
10 Morocco	7,417
<b>Importers (\$ million)</b>	
1 UAE	31,930
2 Saudi Arabia	30,300
3 Iran	15,220
4 Egypt	14,010
5 Iraq	13,700
6 Morocco	11,484
7 Algeria	9,152
8 Tunisia	8,560
9 Libya	7,740
10 Kuwait	7,622

Source: MEED, 16 November 2001, p.20.

This chapter seeks to show that Saddam managed to break the regional isolation, a vital component of the UN economic sanctions, and make his way back to regional Arab politics and economics. This chapter also will make clear that the Israeli-Arab conflict returned again to the scene as the gravest regional security issue in the Middle East and helped Iraq to win considerable public and political importance in the region. In addition, the chapter will conclude that enormous regional complexity, overriding regional concerns, and the dilemma of the Palestinian-Israeli issue, which confronted and affected the US-Arab relations on Iraq during the past years, were the challenges that merely drove Arab countries deeper into friendship with Saddam.



## 4.1 The second Palestinian uprising and Iraq's regional relations

The effectiveness of the sanctions regime in practice has depended to a large extent on Iraq's neighbours. A key political factor that boosted Iraq's growing economic role in the region is the Palestinian-Israeli violence. This violence shaped many of the regional key player's policies and perceptions towards Iraq and as a consequence opened the region-a crucial part in maintaining and influencing the effectiveness of sanctions-to Saddam's ambitions and attempts to hinder the performance and lessen the impact of the sanctions regime. Therefore the author sees it is of great importance to discuss this key political factor-which strengthened Saddam in the Arab street and made his survival a strategic imperative for Arab countries-before embarking on other significant issues such as the economics, strategic and cultural factors that were also behind the collapse of the regional sanctions on Iraq.

The Arabs were promised, after the Gulf War, that the United States would use its weight as a superpower to push for genuine and comprehensive peace in the Middle East. Peace was going to be based on UN Resolutions 242 and 338 and the Madrid Conference, which called for land for peace. Both sides in the conflict were urged to make significant, genuine compromises to bring peace into their region. Yet less than a decade later, the peace process was killed off by the collapse of Camp David talks, the subsequent election of Ariel Sharon and the *Intifada*.

For many Arabs, the Palestinian conflict remained a sensitive issue. At the same time, many taboos remain unbroken: the repatriation of Palestinian refugees, the Israeli withdrawal from all settlements in the Gaza Strip and West Bank, the exchange of territory, preserving security for Israeli towns and citizens, sharing water, and the contentious issue of sharing Jerusalem. These unresolved issues helped escalate the situation and draw the Arab and Islamic world closer to Baghdad's orbit.

Ever since the collapse of the peace negotiations in September 2000, the Arabs' relationship with Israel has been marked by mistrust, violence and shaky peace. Arab-American relations also suffered. From the Arab point of view, Washington exhibits a "double standard" by tolerating "Israeli violations" during the Netanyahu, Barak, and Sharon eras, while blaming the Palestinians alone for violence, thus pushing them to have to make further concessions on refugees, settlements, water and the political-religious sensitive issue of Jerusalem. America is seen to have failed to take into account the holiness of Jerusalem to Arab Christians and Muslims.

It is important to note that Arabs viewed the new *Intifada* of September 2000 in a different way: for most Arabs, this is an uprising against Israeli occupation and for winning the Palestinian people historic aspirations for a free Palestinian state. Many Arabs point out that ever since Sharon entered the Al-Aqsa mosque in East-Jerusalem (the third holiest shrine of Islam) in September 2000 coupled with the closure of the Orient House in Jerusalem, "aggression" was waged against Palestinian aspirations for an independent Palestine with East-Jerusalem as its eternal capital.

Palestine as a state exists in most Arabs hearts and minds. At the Arab League, for example, the Palestinian issue is alive in every summit and ministerial meeting with the Palestinian flags and symbols present, while Arab media and cultural activities constantly highlight and document Palestinian sufferings. Even major streets and squares in many key Arab capitals are named after Palestine or some "martyrs" from the Palestinian *Intifada*. The Arab media devotes many of its news bulletins to the Palestinian issue and the *Intifada*. Most of its writers praise and justify the Palestinian cause. Moreover, Arab schools teach Arab generations that Palestine is occupied by a "Zionist entity" that wants to create a "Zionist state" from the Euphrates in Iraq till the Nile in Egypt. The schoolbooks glorify the "martyrs" and the Palestinian cause. Schools in key Arab states such as Iraq and Syria indoctrinate a new generation on the centrality of the Palestinian issue in Arab politics. They depict pictures and stories of Palestinians at war with the Israeli occupying force. Yasser Arafat, and his PLO organization, is officially greeted and represented in the Arab world as the sole President and representative



of an occupied Palestine. Even in meetings of Arab poets, Palestine finds itself as the priority in the poems. So it comes as no surprise when most Arabs views Israeli actions against Palestinians as aggression against another fellow Arab nation and people.

At the same time, Arabs viewed Barak, Netanyahu and Sharon as trying to settle sensitive and long-standing issues by changing facts on the ground and building new settlements in occupied land even though when Israel has committed it self to negotiate in later phases of the peace process (which should have been started in 1997) on these very politically sensitive issues of Jerusalem, refugees, water and settlements. The arrival of Prime Minister Sharon to power in Israel, alleged past involvement in massacres of Palestinians in Lebanon during 1980s, his uncompromising rhetoric, his constant bombing of Palestinian areas, and his continual refusal to shake hands with Arafat or even negotiate for peace in any premise, his undermining of Arafat's credibility and authority, and with no end to settlement activities have all defined how the Arab world sees Israel and, ultimately, the United States.

The general Arab perception was that the United States was fully siding with Israeli policies. Arabs could not accept sanctioning Iraq while seeing Israel slaughtering Palestinians. This harmed America's "honest broker" credibility in the peace process "One must not underestimate the continuing centrality of the Arab-Israeli conflict for public attitudes in the region. It remains today the quickest shortcut in peoples' minds to decide whether they like or dislike one country or another. It is an issue that has defined the political identity of Arabs and Muslims over the past half-century."<sup>55</sup>

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<sup>55</sup> Shibley Telhami "Defeating Terror: Confront Supply and Demand" Middle East Insight November-December 2001, [www.mideastinsight.org/11\\_01/telhami.html](http://www.mideastinsight.org/11_01/telhami.html)

Politics is about perceptions, and in the politically volatile realities of the Middle East, perceptions shape politics and strategy most of the time. Adel Darwish wrote in the Middle East Magazine "The scenario recalls May 1967, when the late autocratic Egyptian leader Colonel Gamal Abdel Nasser decided to conduct a sabre-rattling exercise to keep the Israelis in check. He moved some 100,000 troops into Sinai desert. The operation was a crazy exercise. Colonel Nasser had no intention of invading Israel, but the Israelis were taking no chances and launched the Six Day War, the consequences of which remain the basis for many of the Middle East's current problems."<sup>56</sup> The perception from the Israeli side is no less dramatic than that of the Arab side. From the Likud viewpoint, there can be no sharing with the Arabs, especially on issues that are perceived to compromise Israel's security and right to exist. Naturally, the tragic bombing targeting civilians in the street of Israel increased this notion among hard-line Israelis and moderate ones alike.

In general, and most importantly for this thesis, the failure to honestly implement the Oslo agreement by both sides of the conflict has jeopardized US' Middle East interests, especially in Iraq. As mentioned by many writers including Rosemary Hollis US interests was not only affected in the most nationalist states like Syria and Egypt, but also in the more politically passive Gulf States, such as Saudi Arabia, Bahrain and even Kuwait. In these states, where protests were rare, saw large anti-American and anti-Israeli demonstrations coupled with the rise of fundamentalism. Rosemary Hollis explained why:

In policy terms, meanwhile, the United States has sought to manage its relations with Israel on the one hand, and the Gulf states on the other, in such a way that the two 'issue areas' do not collide. However, with the breakdown of the Arab-Israeli peace process in 2000 and the advent of the second Palestinian *Intifada*, Washington's efforts to separate its dealings in the Gulf from its dealings with Israel have collapsed. A new generation of Gulf Arabs have come to view the

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<sup>56</sup> Adel Darwish "Saddam & the New Order" The Middle East April 2001.  
[http://www.africasia.com/archive\\_index.html](http://www.africasia.com/archive_index.html)



Palestinian cause as a defining aspect of their identity as Arabs, and a wave of anti-Americanism has overtaken the region in the face of US support for an Israeli government set on suppressing Palestinian resistance.<sup>57</sup>

The dilemma was that Arabs viewed the two issues of Iraq and Palestine as interlinked matters; therefore, moderate Arab leaders could not afford to ignore what was considered the two core Arab issues. Bush's administration policy of disengagement from the Israeli-Palestinian conflict during the period of 2001-2002 has placed moderate Arabs in an uncomfortable and weak position; the result was thus immediately evident in the American failure to rally Arab support for its policy on Iraq. Arab states resumed commercial and diplomatic links with Saddam, refused to see Saddam as a threat to the region, and objected to military cooperation with the US plans to topple Saddam during the 90s, or even to grant the US use of facilities to attack Iraq with the sole exception of Kuwait.

Saddam knew the importance of linking the Iraqi issue with the Palestinian conflict, to make an impact of political and strategic significance. During the second Gulf War, Saddam used the Palestinian problem, prompting George Bush then to pressurize Israel not to retaliate on Saddam's Scuds that were falling on Israel. Bush went to great pains to de-link the war on Saddam and the Palestinian conflict. He knew that it would be much harder to achieve a successful war against Saddam while giving the Israeli government a free hand in killing Palestinians. Today history repeats itself.

Checkpoints, air raids, suicide bombs, and indignities against people replaced peace. This undermined the chances of peace, hope and security for both Arabs and Israelis, which opened the way for Saddam's rehabilitation into the Arab system. In that context, moderate Arab leaders found it hard to cooperate with and defend pro-American policies on Iraq, because in the view of Arab public opinion the Palestinian and Iraqi civilians were victims of the same plight.

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<sup>57</sup> Rosemary Hollis "Getting Out of the Iraq Trap" International Affairs 79, I (2003), p.28.

Thus, every time the peace process deteriorates, Saddam capitalized on what were widely seen as contradictions in United States Middle East policy. He helped increase anti-American sentiment with inflammatory speeches and made moderate Arab allies appear weak and treasonous in the eyes of Arab public opinion which gave ammunition to fundamentalist groups to recruit, criticize and attack the moderate governments and the liberals voices in the Arab world. Therefore, going along the lines of US policies would have been highly destabilizing, politically destructive, and a possible recipe for disaster for many friendly moderate Arab regimes.

Saddam's propaganda machine to the Arab World had been successful in presenting Iraq and Palestine as a victim of "US/Israeli aggression". Saddam also managed to draw strength from the Palestinian cause, by using the hopelessness of moderate Arab leaders coupled with street political frustration, to emerge as the champion of the Palestinian uprising against Israel. He rallied the masses with tough rhetoric against US and Israel. "Rise up, dear ones, for whom we are ready to sacrifice anything. Say to your enemies, the enemies of our Arab nation who are the foul Jewish usurpers, their covetous allies and all the colonialists and their abject servants: Stop abusing the Arab nation."<sup>58</sup>

The Palestinian *Intifada* helped to rehabilitate Saddam inside the Arab and Islamic world, and strengthened his stature among his people. He mobilized the Arabs and Muslim world to meet in Baghdad and support the *Intifada*. On one such an occasion, the title of the meeting was clearly linking the two under one cause "Palestine and Iraq in the same trench facing up to US-Zionist tyranny" the title of an Islamic conference held in Baghdad where 350 delegates from the Islamic world attended.<sup>59</sup>

In another form of projecting strength and rallying the masses, Saddam mobilized more than six million volunteers to liberate Palestine, pledged 1 billion euros from his UN controlled oil revenues to the Palestinian uprising, compensated generously the families of Palestinian suicide bombers against Israel, and ordered

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<sup>58</sup> BBC, 17 July 2001.

<sup>59</sup> AFP, 20 August 2001.



the construction of a monument to honour the Palestinian who died in the *Intifada*. He even sent Iraqi doctors to Amman to treat Palestinians injured in the *Intifada* while at the same time paying for their treatment in Baghdad.

Many Palestinians saw Saddam as their financial and moral salvation "Really, it's not just the money, it's Saddam's just and strong political position. He doesn't give in to Israel or America. He doesn't give in. He represents us," said a Palestinian mother of a boy killed in the *Intifada*.<sup>60</sup> The Telegraph reported how Saddam's assistance to the second Palestinian Intifada serves the prolonging of it for his own political ends: "One of the few smiles in Jenin-the site of the biggest battle between Israelis and Palestinians (in April 2002) - is on the face of Mahmoud Besharat, the man who is handing out millions of pounds of largesse from Saddam Hussein, the Iraqi leader." The British newspaper added, "payments are on strict scale: £350 for a wound, £650 for disablement, £ 6,500 for death as a "martyr" and £ 17,000 for a suicide bomber."<sup>61</sup>

Through skilfully using the *Intifada*, Iraq began to make its presence felt more forcefully in inter-Arab politics. In every Arab TV and Satellite channel, Arabs could see that Saddam's portraits and Iraqi flags shown alongside the Palestinians in the daily anti-Israeli protests. In nutshell, the *Intifada* helped Saddam to rebuild his relations with all Arab states with the very exception of Kuwait. In addition, Saddam managed to reinforce pro-Iraqi bases in many vital Arab capitals and among the Arab intellectual community in Egypt, Jordan, Syria, Morocco, and the Gulf States.

Unfortunately, the US-sponsored peace proved elusive and lifeless. On the ground, hatred, anger, bombs, violence and despair have become the alternative to peace. Increasingly losing faith in a diplomatic solution to their conflict with Israel, the Palestinian street banked on Saddam's money, army, and WMDs. Economic sanctions seek to prevent Saddam from acquiring all the billions of oil revenue into his hands; however this aim was running against Arab interests, especially those of the Palestinians and other poor Arab states. Thus, Saddam's oil

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<sup>60</sup> BBC, 6 August 2001.

<sup>61</sup> Alan Philips "Saddam Spends Millions to Win Hearts in Jenin" The Telegraph 30 May 2002.

money was significant to the *Intifada* and the Arab world at large. Already in a weak economic position, Arafat and the Arabs would not want to throw away such a pivotal economic source, thus more than ever, the sanctions on Saddam's oil revenues was counter to immediate Arab needs and economic security, especially as he became a significant contributor to the *Intifada* and directly or indirectly to many other Arab states' economies.

During the sanctions era, Arabs were repeatedly told by the United States in 1991 that Saddam was the enemy; however, the Arabs did not subscribe to this view. Containing Saddam at this time meant only one thing for them: pure US efforts to silence and destroy the only country rich enough, patriotic enough and knowledgeable enough to stand up to Israel and America. Iraq under Saddam Hussein was, for many Arabs, the financier and the strategic backbone for the Arab nationalists. Have that destroyed, and you have cut the strategic element of Arab security.

For instance, while the United States viewed Iraqi weapons as dangerous weapons in the hands of an unpredictable dictator that can aid or supply terrorists with it, the Arabs saw what they perceived to be the real terror on daily TV news, used by the Israelis with American made airplanes and guns. The Arab media has concentrated heavily on broadcasting live news of daily bombing and humiliation of Palestinians areas by Israeli forces for over two years. Thus, Iraqi weapons were considered at that critical period of time for the Arabs as the "sword of the Arabs". Even worse, America and Israel became one in the eyes of most Arabs, a merged interest set to destroy first Nasser and now Arafat and Saddam. Thus, seeking to destroy Saddam's weapons was perceived in the Arab world as a hidden American/Israeli agenda to suppress any Arab challenge as a balance of power and humiliate the future Arab generations by keeping them backward and under occupation. Israel's continual refusing to open its nuclear, chemical, and biological weapons facilities for UN inspections and monitoring regime reinforced conspiracy theorists' in the Arab world perception of a hidden American/Israeli agenda to subjugate the Arab people and prevent them from reaching the technological balance of power with Israel.



The *Intifada* managed to strengthen nationalists' feelings and increased solidarity toward the Iraqi issue. Amr Moussa, the head of the Arab League, summed up this nationalists emotions when he commented on the bombing of Baghdad in March 2003: "The bombing and violence we're seeing on satellite TV should stir the ire of every Arab who sees it," adding that the bombing of Baghdad could not be tolerated.<sup>62</sup>

Iraq is one of the first Arab countries for which the Palestinian cause became an internal political issue and a weapon of foreign policy. Saddam used the Palestinian uprising as a perfect opportunity to bolster his position and regionally rehabilitate his sanctions stricken country by pressing on the powerless and divided moderate Arab governments to need him back. He employed the UN "oil-for-food" deal and the oil smuggling revenues to finance the *Intifada*.

Going beyond rhetoric, and after a long boycott, Arab leaders had to invite Iraq along side the Kuwaiti delegations to the Arab League emergency summit in Cairo and later to the Amman Summit on March 2001 and the Arab Summit in Beirut March 2002. This provided an indication of Iraq's strategic importance in the region, adding a further gain to Saddam in breaking the walls of sanctions. Iraq refused to discuss sanctions as the core subject in these meetings, but rather gave the priority to the Palestinian issue. This gave the impression that his country has already broken the Arab part of sanctions and it was not necessary to discuss it any further. The invitation also meant that Arab leaders acknowledged that Saddam Hussein's regime had showed he could survive sanctions and was likely to survive for some time. Thus, Saddam's survival was a fact and reality, a needed reality at that critical period of time while Sharon was still in power.

All these facts cannot be dismissed lightly. The *Intifada* had made the sanctions' regime harder to sustain because as frontline states began to resist efforts to continue besieging Iraq, it became harder to establish procedures for the control of weapons of mass destruction, long-range missile technology, and oil/goods smuggling. It even made it harder for moderate Arab governments to keep

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<sup>62</sup> CNN, 22 March 2003.

Saddam isolated from the region's politics, and allowed Saddam to yield the dividends in his struggle to break out the regional and international containment box.

Moreover, the United States failed to place Iraq and the peace process in two separate tracks. For isolated Iraq, the new Middle East crisis offered a vital opportunity to defeat regional isolation and provided Iraq with the means to achieve a vital strategic goal of playing the influential Arab role once again. In a nutshell, the Palestinian uprising had changed the geo-strategic parameters of the Middle East.

It was reiterated constantly that Saddam Hussein was 'in his box', in total exclusion from the world and a threat to the Arab and non-Arab neighbours. This thesis aims to prove that Saddam was not isolated. Instead Iraq was politically, strategically, culturally and economically interacting significantly and suspiciously with neighbouring states. Syria, Jordan, UAE, Egypt, and Turkey became main centres for Iraqi commercial dealings and wheeling. Substantial trade took place through all Iraq's borders with the very exception of Kuwait. This undoubtedly paved the way for more cordial and strategic relations with neighbouring governments and people. Cross-border smuggling and ambiguous deals also took place with Iraq's immediate neighbours. Sanctions for Iraq's neighbours had become irrelevant. Direct and indirect pressure from the United States to curtail trade with Iraq were ignored repeatedly even by United States closest ally Egypt who instead broke the flight ban on Baghdad and signed a free trade agreement with Saddam's government. Therefore, this required a closer look and analysis of key regional powers and their relations with Iraq during the sanctions era.

The following section treats these economic, strategic, as well as the cultural relations with Iraq in greater detail.



## 4.2 Iraq and key Arab actors

### 4.2.1 Syria

Certainly the unprecedented overtures to Baghdad can be explained by the Palestinian situation, yet other factors remained powerful determinants as well. Syria, one of the most nationalist Arab states, was one such a country that had smoothened Iraq's return to the Arab fold.

Diplomatic relations between Syria and Iraq, broken in 1979 over an alleged coup attempt against Saddam and over Syria's support for Iran during its war with Iraq during 1980-88, were resumed in the aftermath of the Hussein Kamel's-Saddam's son in law and Iraq's minister of defence and industry- defection to Jordan in 1995. "Syrian President Hafez Assad sees the whole affair as part of an effort to isolate him...Assad is so preoccupied that his aides have told visitors he is devoting himself full-time to the Iraqi question."<sup>63</sup> It did not take long before the wheels started turning in Saddam's favour, especially after the death of the Syrian President Hafiz al Assad, and ties started to get warmer. It is worth noting that relations between the two rival factions of the socialist Ba'ath party in Syria and Iraq have been poor in the past two decades. Damascus backed Tehran in its eight years of war with Baghdad in the 1980s. Hafiz al Assad also sent Syrian troops to force Iraq out of Kuwait in the US-led alliance in the 1991 Gulf War. However, the situation has changed: "Syria has repeated its demands for UN sanctions against Iraq to be lifted and announced it is to double trade with Baghdad."<sup>64</sup>

Damascus-Baghdad alignment included economic, political and strategic components that have played a role as the rapprochement developed. Two things were certain: first that this rapprochement was not coincidental, and second, that it had helped Iraq greatly to emerge from its regional isolation.

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<sup>63</sup> Christopher Dickey "Enemies Like These" Newsweek 02 October 1995, pp.49-50.  
<sup>64</sup> BBC, 27 September 2000.

There was a public and private face of this alliance. The public face started in the aftermath of Hussein Kamel's defection to Jordan in 1995. The late Syrian President, Hafiz al Assad, together with the Egyptian President, belittled the defections of Saddam's son in laws to Amman by not giving a welcoming boost and endorsement for Saddam-son in laws. Since 1997, the two countries had cleared up their differences, opened their borders, encouraged oil and commercial trade, signed free trade agreement, revived and upgraded diplomatic ties, and tremendously scaled down the sponsoring of each other's opposition groups.

On the undisclosed secret side of this alliance, it is only possible to predict as it is related to the intelligence sharing and planning that might have been going on behind the scenes. It undoubtedly can get clearer when we know that the two Arab regimes were drawn towards each other because of shared security and strategic concerns. The swing in attitude between the two Arab countries' ruling elites had moved their relations from a vicious rivalry to a strategic geo-political relationship. "Arab diplomatic sources in Damascus reported late last year that Maher Assad, the brother of the Syrian president, made a secret two-day visit to Baghdad to discuss military cooperation with the Iraqi regime. During his visit, he met with Qusay Hussein, the younger son of Saddam Hussein who has taken charge of important security functions for the Iraqi regime. Shortly thereafter, Assad appointed a committee of military and intelligence officials, headed by Vice President Abdul Halim Khaddam, to oversee military ties with Baghdad." The Middle East Intelligence Bulletin added "According to Israeli intelligence sources, Qusay visited Damascus in January to discuss contingency plans for Syrian-Iraqi military cooperation in the event of an Israeli attack. Qusay reportedly agreed to establish a joint command and control centre and place two Iraqi armoured divisions (the 10th Armoured Division and an unspecified Republican Guard division) on a state of heightened readiness for deployment to Syria."<sup>65</sup>

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<sup>65</sup> Gary C. Gambill "Syria's Foreign Relations: Iraq" Middle East Intelligence Bulletin March 2001, Vol.3, No.3. [http://www.meib.org/articles/0103\\_s1.htm](http://www.meib.org/articles/0103_s1.htm)



This strategic understanding was confirmed later by Iraq's Vice President Taha Yassin Ramadan in a visit to Syria On January 31, 2001, when he said "that the two countries are negotiating a long-term strategic cooperation agreement and that the main terms of the accord only need drafting and finalizing."<sup>66</sup> Tariq Aziz, Iraq's Deputy Prime minister and former Minister of Foreign Affairs confirmed these plans when he stressed Baghdad's backing of Syria against any possible threat from Israel. In an interview with the United Arab Emirates' Al-Khaleij Arabic daily, he confirmed that Iraq had military arrangements ready to stand behind Syria militarily and did actually so when Israel threats against Syria increased in late 2000: "We sent our forces closer to the Syrian borders to be ready if conditions require so."<sup>67</sup>

In a front-page article, the Israeli Ha'aretz daily wrote that weapons and military equipment had been channelled to Iraq via road and rail routes. The newspaper said that Syria was becoming the buyer for Saddam. Syria bought weapons for Iraq from Eastern and former Soviet Union countries and shipped them to Iraq.<sup>68</sup> In addition, the recent formation in Iraq of the Jerusalem army and al-Quds army of some 6 million people could be explained as a possible effort from Baghdad to add military weight to Syria's defence in case exposed to an immediate Israeli attack.

Iraq's mobilization of popular troops coincided with continued speculations in some Western quarters that Iraq retained -in addition to its conventional capabilities-non-conventional WMD coupled with Iraqi periodical rhetorical threats that could represent a possible threat to Israel and American forces in the Gulf region.

In the same tone, Syria opposed any attack on Iraq, rejecting Washington's views on smart sanctions and definition of state terrorism.<sup>69</sup> On one such attack, during Desert Fox operation in 1998, tens of thousands Syrian were permitted to take to the streets and pour their anger against the American and British embassies. They stoned both embassies and scaled the US embassy wall to pull down and burn the

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<sup>66</sup> Ibid.

<sup>67</sup> Arabic News, 19 February 2001.

<sup>68</sup> Al-Hayat, 16 July 2002, p.2.

<sup>69</sup> Reuters, 16 November 2001.

American flag, while others were busy destroying the residence of the ambassador. One Syrian expressed the general mood at the time: "The Americans are trying to make us kneel down and surrender, I will not leave before I burn the flag and make my voice heard."<sup>70</sup> Such public demonstrations in support of the Iraqi regime of Saddam Hussein were un-heard of in Syria during the 80s and much of the 90s.

The failure of the Middle East peace process played a key role in how the Syrian leadership perceived threats and the balance of power within the region. Since the Madrid conference of 1991, Syria has become committed to the peace process as a strategic option to solving the Arab-Israeli conflict. Yet following the right wing Likud leader, Benjamin Netanyahu's, victory in Israel's elections of May 1996 and with the subsequent collapse of the Israeli-Syrian negotiations, a dramatic policy reversal was undertaken in Syrian regional foreign policy. The situation was complicated even further by Sharon's arrival at the helm of power in Israel in 2000, which gave the region a different political landscape and pushed Syria even closer to Iraq. Sharon's actual bombing of Syrian troops in Lebanon inflamed the entire Syrian leadership. The mood was grim, "Since the attack, Syrian soldiers in Lebanon have been put on a state of high alert and there have been troop movements in the country."<sup>71</sup>

Syria began to shift its priorities and started viewing Iraq as its strategic backyard. Syrian leaders viewed Iraqi weapons that America wanted to destroy as a pivotal "Arab sword" in the face of any possible Israeli menace. It is worth mentioning that Iraqi troops had once prevented Israeli tanks from entering Damascus, and so were seen by the Syrians as their defender. A Syrian government spokesman confirmed their fears, speaking after Israeli attacks on Syrian troops in Lebanon: "This (aggression) constitutes a dangerous escalation that would destabilize security and stability in the region."<sup>72</sup> As the peace process started to deteriorate, Syrian and Iraqi cooperation increased on regional security.<sup>73</sup>

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<sup>70</sup> CNN, 19 December 1998.

<sup>71</sup> CNN, 16 April 2001.

<sup>72</sup> Ibid.

<sup>73</sup> Reuters, 2 December 2001.



It was also easy to see why rapprochement with Baghdad was necessary for the Syrians when one takes into account the Turkish-Israeli military alliance. Efraim Inbar clarified the new alliance: "The exercise is a clear signal to radical regimes that there is a realignment in the Mideast and a new balance of power."<sup>74</sup> As a front-line Arab power with both Israel and Turkey, Damascus considers this alliance as a siege surrounding it to push it to compromise further on the question of a negotiated settlement with Israel (e.g. the Golan Heights) and its historic/territorial disputes with Turkey such as that over Iskandarouna. The alliance means: joint exercises, Israeli warplanes training in Turkish air space, and joint naval exercises.<sup>75</sup> Hence, with this alliance, Israeli jets could easily surround Syria, Iraq and Iran, placing Damascus, Tehran, and Baghdad external threat.

The new balance of power had increased Syria's feeling of regional isolation and strategic encirclement. From Syria's Middle Eastern calculations this unprecedented situation necessitated an upgrading of their relations as it was in neither side's interests to pursue a different path other than mutual cooperation.

The Syrian perception of an Israeli/Turkish threat to its national security had been increased ever since the regular and large-scale Turkish military interventions in northern Iraq. The prospect of an armed Turkish presence on Syria's natural and strategic sphere of influence dominated the top foreign and security decision-makers in Damascus. Thus, the Syrian leadership saw the need to create a strategic environment more favourable for Syria's national interest. In such context, a comprehensive reconciliation with Baghdad was a strategic and crucial card to strengthen Syria's stance regionally and internationally, and provides it with a space to politically manoeuvre. Through its alliance with Baghdad, Syria was given an opportunity to reassert its role as a major regional player.<sup>76</sup>

Thus despite Syria's past ideological bitterness with Saddam, the need to counterbalance the new military alliance was a vital Syrian interest. In this context

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<sup>74</sup> CNN, 7 January 1998.

<sup>75</sup> BBC, 8 August 2001.

<sup>76</sup> "The Turkish Israeli Alliance is a New Destabilizing Factor in the Middle East and Southern Europe Washington Report on Middle East Affairs, April 2000, pp.33-34, 82.

Saddam was there to provide Syria with a powerful partner economically, politically and militarily.

Another element of a political strategic value of cooperation was in the area of water rights. Syria and Iraq's threat perceptions also centred on this vital yet complicated issue. Concern about water was part and parcel of both countries' drive towards each other, and remained a possible future source of conflict with Turkey and Israel. Turkey, due to its geography, controlled the headwaters of the Euphrates River and Tigris. Turkey raised tension with its neighbours when it constructed dozens of dams (e.g. the controversial Ataturk Dam) on the Tigris and Euphrates rivers-that also went through Syria and Iraq-threatening to reduce both countries' share of water. Such a prospect could plunge Syria and Iraq into water shortages, electricity cuts, pollution and possible famine.

As is well known, water is precious in the Middle East, and any Turkish action could pose a direct threat with long terms implications for the agriculture, development and industry of both Syria and Iraq. "Syria, and its neighbour Iraq, blame Turkey's huge network of dams on the Tigris and the Euphrates for threatening their water supplies."<sup>77</sup> The Associated Press reported on November 2001 yet another meeting between Iraq's and Syria's Irrigation Ministers, raising once again their concerns over the dwindling water supply from Turkey: "Syria and Iraq are concerned about Turkey's commitment to a 1987 agreement on sharing the waters of the Euphrates and Tigris."<sup>78</sup> Syria had constantly suffered from water shortages coupled with droughts and population increase (from 300,000 in 1960 to 4 million in 2001 in Damascus alone). The Syrian authorities had to cut water supplies in many times on Damascus for up to 20 hours a day.<sup>79</sup> Thus it was not surprising to see the two countries look to each other on this issue.

A final arena for mutual cooperation between the two Arab countries was in investment, oil and trade. Iraq was also of economic significance to Syria, which was struggling to move from the socialist economy of Hafez al-Assad to a more

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<sup>77</sup> BBC, 26 September 2000.

<sup>78</sup> AP, 26 November 2001.

<sup>79</sup> Al-Jazeera.net, 22 July 2001.



modern capitalist economy. Trade with Iraq provided Syria with cash, discounted oil for its energy security, interest-free loans, and reinforces Syria's role as a key transit country whilst provided lucrative trade contracts for its private and industrial sector. Thus it also benefited the Syrian merchants, who provided one of the pillars of legitimacy that the government rested on.

Beyond Iraq's strategic depth, Saddam also demonstrated his full economic potential and rendered Syria's new president with large market and oil money despites sanctions. For Iraq, cementing the link with Damascus was critical to assure that a key regional player would not isolate it, economically and politically. Iraq, for its part, used economic instruments such as increased trade, cash handouts and oil money to cement the relationship with its Arab neighbours including that of Syria "For new markets, Syrians look to Baghdad. Iraq has a surplus of capital, Syria a surplus of labour. An ideal match."<sup>80</sup> Perhaps it was not surprising, then, to see the two countries push for bilateral economic reconciliation in the fields of oil, trade and commercial contracts. The facts are clear and unambiguous. Headlines read: "Syria and Iraq hold trade talks"<sup>81</sup>; "Syria and Iraq to boost trade"<sup>82</sup>; "Syria and Iraq sign trade deal";<sup>83</sup> "Iraq reopens trade centre in Syria"<sup>84</sup>; "Syria reopens trade centre in Iraq after gap of eighteen years"<sup>85</sup>; "Iraq exports oil to Syria"<sup>86</sup>; "Syria and Iraq forge closer ties"<sup>87</sup>; "Syria and Iraq strengthen ties"<sup>88</sup>

Baghdad and Damascus reopened an old UN-approved pipeline, pumping discounted Iraqi crude oil outside the United Nations sanctions system where millions of dollars went straight to Saddam's pocket. "The pipeline, dormant for nearly 20 years, was quietly reopened last November."<sup>89</sup> Baghdad looked to extend its regional influence, regain control over oil-its main source of income- and generates more private unrestrained channels of revenues: "the clandestine

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<sup>80</sup> Brian Whitaker "Syria Looks to the Future" The Guardian 13 March 2001.

<sup>81</sup> BBC, 22 May 2001.

<sup>82</sup> BBC, 31 January 2001.

<sup>83</sup> Ibid.

<sup>84</sup> BBC, 21 September 1998.

<sup>85</sup> BBC, 3 September 1998.

<sup>86</sup> BBC, 22 November 2000.

<sup>87</sup> BBC, 27 September 2000.

<sup>88</sup> BBC, 29 January 2001.

<sup>89</sup> Reuters, 23 November 2001.

pipeline operation generates at least \$2 million a day in funds for the regime of Iraqi President Saddam Hussein.”<sup>90</sup>

The Syrians benefited from the discounted Iraqi oil supplies on a number of levels. Syria’s army in Lebanon benefited from the nearly free Iraqi oil (around 150,000 barrels per day)<sup>91</sup> while Syria’s own local production of oil began to rise with an improved international bargaining position to demand better prices from buyers. A trader and a Syrian crude buyer confirmed: “Syria has not reduced runs but is selling more because they are getting more from the Iraqis.” Other traders noted that: “with larger export volumes Sytrol-Syria’s state oil marketer- has become more rigid on its official selling prices, starting higher and conceding less ground to lifters.”<sup>92</sup> In addition, the two countries had agreed to construct a new oil pipeline link: “Baghdad and Damascus agreed in 1998 to build a new pipeline to stretch through Syrian and Lebanese territory with a capacity of 1.4 million barrels per day to replace an old one.”<sup>93</sup>

Iraqi trade relations with Syria had included other elements besides oil and water. Early this year, Iraq’s vice President and Syria’s Prime minister signed a free trade agreement in Damascus, which further improved the relations between the two: “it means the exchange of goods between the two countries can take place without import licences or customs fees.”<sup>94</sup>

From a Syrian point of view, a push for bilateral economic integration was high on the agenda because this would enhance its economic security and position them for favoured treatment by the Iraqis. For Iraq, this was another way of maximizing its leverage in the power politics of the region and destroying the UN regional siege. The free trade agreement meant that trade; goods, labour, banking and investment could flow easily without reservations between the two countries, helped by the fact that the UN had no significant monitors- with only a single small checkpoint between Iraq-Syria’s border- on in Syria or along the Iraqi-

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<sup>90</sup> CNN, 23 January 2001.

<sup>91</sup> Reuters, 23 November 2001.

<sup>92</sup> Reuters, 24 May 2001; and Reuters, 31 January 2001.

<sup>93</sup> Reuters, 30 October 2001.

<sup>94</sup> BBC, 1 April 2001.



Syrian long land border. Syria simply refused an American request to place those monitors on its soil or its long land border with Iraq, viewing it as a violation to its sovereignty.

Following the implementation of the free trade agreement, Iraq established a free trade zone in Al-Qaem near the Syrian border.<sup>95</sup> Also Baghdad “had agreed to import \$20 million worth of Syrian-produced medicines per year and to double imports via Syrian ports (to one million tons in the year 2000 from nearly 500,000 tons in 1999)”,<sup>96</sup> while from among 14 international companies, a Syrian company was awarded a huge water contract for the Tigris River of 133 Million Euro (\$113 Million).<sup>97</sup>

In a further move to demonstrate that regional links were far more important to the two countries, 2001 witnessed the participation of 130 Syrian companies, under the motto “Made in Syria”, held an exhibition for Syrian products only in Baghdad without the hassle of competitors on the ground of the Baghdad International Fair halls.<sup>98</sup> This was repeated in February 2002, when hundreds of Syrian companies held two trade exhibitions for their products in Baghdad.<sup>99</sup> Meanwhile it was announced in Baghdad that the two countries signed an agreement to start joint major companies as a joint venture between the two. This was signed and the agreement “covers the foundation of seven various companies in the industrial, pharmaceutical, and telecom areas as well as cooperation in the fields of transport, health, and commerce.”<sup>100</sup> In addition, the Syrian Minister of Trade and Economics announced in a visit Baghdad that the trade volume between Syria and Iraq had expanded to more than \$ 2 billion and forecasted that it will go up to \$ 3 billion by 2004. The Minister added that the two countries had signed a new agreement to establish joint companies for irrigation, cement, food oil, and glass factories.<sup>101</sup>

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<sup>95</sup> AFP, 30 June 2001.

<sup>96</sup> Reuters, 26 May 2000.

<sup>97</sup> Al-Jazeera.net, 29 May 2001.

<sup>98</sup> Arabic News, 2 July 2001.

<sup>99</sup> Arabic News, 11 February 2002.

<sup>100</sup> Arabic News, 11 February 2002.

<sup>101</sup> Al-Hayat, 26 June 2002, p.11.

As for the transportation sector, Baghdad and Damascus planned the establishment of a joint transportation company, reopened its railway link from Mosul-Aleppo and “decided to link its ports to the Syrian ports through a railway line aiming to facilitate the transport of commodities and goods between the two countries.”<sup>102</sup>

In June 2002, the Syrian Zeyzoun dam collapsed, which killed 22 Syrians, made 4000 homeless and destroyed crops and livestock. Saddam Hussein wasted no time and airlifted humanitarian assistance to victims in Syria with 20 Iraqi planes.<sup>103</sup> In addition, he ordered that Syria should receive 18 million Euros worth of oil to rebuild houses for the victims of the dam collapse.<sup>104</sup> It is also worth noting here that a rumour was going on in June 2002 among Iraqi and Syrian businessmen that Saddam Hussein had given 6000 luxury cars to Syrian political, military and parliamentary officials as a gift from him to these officials for their political support.

In further upgrading of their relations, Syria and Iraq lifted visa restrictions on their citizens travelling between the two, while there was talk of both countries abrogating the passport and replacing it by identity cards. Merchants, businessmen and tourists do not need anymore permissions from the authorities to travel, as used to be required in the past, While the value of trade between the two was forecasted to climb: “We have agreed with Syria and Jordan to increase imports and bring them respectively to 1.5 billion and one billion dollars” announced Iraq’s Commerce Minister Mohammed Mehdi Saleh.<sup>105</sup> As well these series of road, sea and rail agreements, and the encouragement of tourism had been an important cultural aspect of the new relationship. Iraqi and Syrian tourists and also pilgrims visited each other’s countries (where the Islamic holy shrine of Zeinab the granddaughter of the Prophet Mohammad and the Imam Hussein's daughter Roqiyah is in the Syrian capital while Iraq holds major Islamic saints like Imam Ali, Hussein, Hassan, Abbas, etc.), which boosted expenditure in each country’s domestic commerce, market and cities.

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<sup>102</sup> Arabic News, 2 July 2001.

<sup>103</sup> AFP, 9 June 2002.

<sup>104</sup> Al-Hayat, 16 June 2002, p.4.

<sup>105</sup> AFP, 1 September 2001.



Another highlight of Iraqi cultural activities in Syria, which was also the most neglected part in any research on the Middle East, came from the traditional and regionally well-respected Iraqi music. Singers and bands went to Syria to perform traditional Iraqi songs, including some new songs related to current life in Iraq under sanctions. Singers who were sponsored or encouraged by the Iraqi Ministry of Information (or Propaganda Ministry) sang sad songs to thousands of Syrians with words reminding their “Arab brothers” of the daily sufferings of sanctions and the injustices of UNSCOM (the UN Special Commission in charge of disarming Iraq after the 1991 Gulf War) that is “prolonging the sanctions”. Major hits like *Baghdad*, *Jerusalem*, and *Ya Arab* for the currently leading Iraqi/Arab singer Kathem Al Sahir have reached every Arab home. There was even a very credible rumour that he made a private party for the late Syrian President Assad and the Sheikhs in the UAE and Qatar. Songs came to play a major role in the Iraqi propaganda campaign for the Arab world, as they can inflame emotions, awaken conscious, and serve as a constant reminder to those with busy daily lives.

In addition, the Syrian Ministry of Information forbade an Iraqi (Syrian-based) opposition newspaper from the market, in accordance with the recent Syrian-Iraqi rapprochement.<sup>106</sup>

Iraq’s strategic importance for Syria was further highlighted by the possibility that a post-Saddam Iraq might chose to join the peace process. This could strategically and politically pressure Syria, placing it in a much weaker bargaining position in the peace process battle.

This new international and regional environment had created a whole new set of interests. Syria’s first priority, therefore, had been to ensure the survival of Saddam’s regime in a stable united Iraq and the breaking of the economic isolation on it that became another potential determinate of Syrian foreign policy towards Baghdad. The Syrians felt that the sanctions’ policy and the American efforts to overthrow the Ba’athist regime by force did not exhibit the slightest

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<sup>106</sup> Al-Hayat, 24 May 2002, p.2.

concern for Syrian interests; thus they were compelled to protect its own strategic interests threatened by US policy and its ramifications. In this context, Damascus has not had much reason to support economic sanctions or military actions against Saddam.

Many sceptics might have viewed the Syrian-Iraqi alliance as a minor development, yet it remained a disturbing and unwelcome development for the United States and its initiative for smart sanctions against Iraq. The smart sanctions' plan recognized implicitly that Iraq has managed to break the regional political and economic isolation and that its containment "inside the box" could not endure. It is widely argued that smart sanctions' success depends primarily on the willingness of Iraq's neighbours to fully accept, support and cooperate with the new US plan. Smart sanctions aimed primarily to re-contain Saddam again by curtailing and regulating his trading routes and activities with Syria, Jordan, Turkey and Iran.

In a nutshell, the US plan of reinvigorating sanctions was at the mercy of Iraq's neighbours. Thus the American plan had no realistic chance without all the neighbours' full and honest border cooperation. However, Syria refused to accept any additional sanctions on Iraq, thus worsening matters and narrowing options for the United States. Not only Syria refused the plan but also among others Jordan and Turkey. For Baghdad, this was great news, as on the one hand, Iraq used Syria as an exit to smuggle oil and obtain illicit dual-use products. On the other hand, the alliance between the two undermined the containment policy and covert action option against the regime in Baghdad. "The biggest challenge to the success of smart sanctions comes from Syria. Trade with Iraq is rising from about \$500mn last year to \$ 1bn this year, consisting mainly of cross-border oil deals and the export of Syrian supplies-outside the UN program. Even as the Security Council was deliberating the UK draft, a large Syrian trade delegation, headed by Minister of Economy and Trade Muhammad 'Imady visiting Baghdad and signing major agreements."<sup>107</sup>

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<sup>107</sup> MEES, Vol. XLIV, No. 22, 28 May 2001.



Complicating matters for the smart sanctions plan was the further, continual, and fast improvements in trade between the two countries. On the 23rd December 2001, Syria used its permanent trade centre at the Baghdad International Fair grounds to display the products of 66 public sector Syrian companies and 20 private companies to the Iraqi market<sup>108</sup> while Iraq's imports from Syria were totalling more than \$2 Billion according to Iraq's trade minister Muhammad Mahdi Saleh.<sup>109</sup>

Even though Syria wanted closer and better relations with Washington, many outstanding issues of concerns remained. Syria wanted the United States to account of its strategic interests, take it out from the terrorist list, and for the US to play the role of an honest broker in the peace process to reach an equitable solution. The Lebanese *Daily Star* explains: "There is limited serious external pressure on Damascus for change, as Syria is not under IMF tutelage nor is it seriously involved with the World Bank. In such a situation, regional links become more important."<sup>110</sup> Achieving the Syrian prerequisites for any serious Syrian approval and effective implementation of the smart sanctions' plan was a prominent problem for United States diplomacy, interests in the Middle East, and the achievement of effective economic sanctions on Iraq.

To make matters worse, Syria is at odds with the United States over its backing for Hizbollah in Lebanon and harbouring some Palestinian groups including those who have claimed suicide bombings on Israelis. These issues became of major importance after the September 11<sup>th</sup> terrorists attacks on America.

Ahmad S. Moussalli writes: "The collapse of Iraqi economic and military power has caused Syria much concern as Syria has historically viewed Iraq as its strategic depth. Its concerns were highlighted when the possibility of dividing Iraq became more probable after the declaration of a federal government in Kurdistan."<sup>111</sup> Moussalli pointed Syria's move towards Iraq as the need of Syria for "(1) a close market for its food and industrial goods in order to compete with

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<sup>108</sup> [Al-Jazeera.net](http://Al-Jazeera.net), 23 December 2001.

<sup>109</sup> [Arabic News & www.tradearabia.com](http://ArabicNews&www.tradearabia.com) 24 December 2001.

<sup>110</sup> "Syria's Economy Opens to Regional Opportunities", [The Daily Star](http://TheDailyStar) 6 September 2001.

<sup>111</sup> Ahmad S. Moussalli "The Geopolitics of Syrian-Iraqi Relations" [Middle East Policy](http://MiddleEastPolicy), Vol. VII, No.4, October 2000, p.100.

Jordan, (2) a strategic depth against Israeli challenges, (3) an alliance with Iraq to counterbalance the pressure of the Israel-Turkey relationship, and (4) achieving an understanding on dividing the Euphrates water between Syria and Iraq in anticipation of Turkish manipulation of this important weapon.”<sup>112</sup>

Syrian policy makers translated this re-born strategic relationship with Iraq in the form of its staunch opposition to any war or economic sanctions against Iraq. “We believe the preservation of sanctions is not justified,” said the Syrian Foreign Minister, Farouq al-Sharaa.<sup>113</sup> Another important policy maker in Syria remained adamant in support of Iraq: “Syria and all Arabs reject an attack as part of a policies that seek more US hegemony and inflict harm not just on the people of Iraq but the Arab nation as a whole,” said Syrian Prime Minister Mohammed Mustafa Mero.<sup>114</sup> The Syrian president, Bashar Assad, told the crisis Arab summit in Egypt on 1 March 2003 that any attack on Saddam’s regime was an attack on the legitimacy and security of every Arab regime. He warned them: “We are all targeted...we are all in danger.”<sup>115</sup> He asked the Gulf monarchies not to provide their military bases as a launch pad in the same way as in the 1991 Gulf War.<sup>116</sup>

Mikhail Wehbe, Syria’s UN ambassador, reiterated the Syrian official stance: “How can we talk about going to war against Iraq which no longer occupies the territories of others, let alone threatens its neighbours at a time when Israel still occupies Palestinian, Lebanese and Syrian territories?”<sup>117</sup> Suleiman Qaddah, an aide to President Bashar Assad, spoke in front of more than 10,000 Lebanese and Syrian demonstrators, telling them that the United States was “obsessed with launching an aggression against a brotherly people of Iraq seeking to break its (Iraq’s) sovereignty and unity and (to exploit) its resources. The United States determination to launch war against Iraq using the pretext of it (Iraq) having weapons of mass destruction is not convincing anyone in the world...The real danger to the region is Israel, not Iraq.”<sup>118</sup>

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<sup>112</sup> Ibid., p.105.

<sup>113</sup> BBC, 27 September 2000.

<sup>114</sup> Reuters, 28 August 2002.

<sup>115</sup> AP, 1 March 2003.

<sup>116</sup> Al-Jazeera.net, 1 March 2003.

<sup>117</sup> BBC, 6 February 2003.

<sup>118</sup> Reuters, 9 March 2003.



All in all, this showed that the Arab world during the sanctions era was different from that in the early 1990s, when America could use its triumph on the Soviet empire and the emergence of the unipolar world to form a wide international coalition, including key Arab states, to attack Iraq. Syria, a key regional player, for instance, was a case in point to see how the Arab world was different from the 1990s and how interests between nations and powers changed with time and geopolitical and strategic situations.

The difference was quite real and very significant. The United States, in its efforts to remove Saddam from Kuwait and attack his power in Iraq, managed to form not only an international coalition but also a vital regional coalition including that of Syria, who contributed troops and intelligence to the United States during the Gulf War. This Syrian cooperation did not come out of nothing. It came from real efforts from the United States to listen and also cater for all or some of Syria's national vital interests. That all came despite the fact that Syria was on the Washington list of countries sponsoring terrorism. Washington blinked an eye and worked with Syria to attack Iraq. It is worth mentioning that the issue then was ending an Iraqi invasion of Kuwait and the Arabs then were promised a fair Middle East peace process.

During 2001-2003 however, Syria was one of the major lobbyists in the region against an American attack on Iraq. From the Syrian point of view, the Bush administration did not have any coherent or fair vision for peace in the Middle East that would satisfy Syria, and wanted to attack Iraq under a new strategy called pre-emptive strikes because Iraq represented a threat due to their development of WMDs. This strategy, together with the idea of regime change and instalment of a democratic regime in Baghdad made Syria anxious, and pushed it towards opposing any attack or regime change in Iraq.

In fact, Syria started a propaganda campaign in its media and diplomatic circles to counter US threats to Iraq. Syria had economic and strategic relations with Iraq

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that it managed to re-start in 1997, and losing those would cost Syria economically and strategically. Syria feared Washington was preparing a new government in Iraq that would more likely to be an American stooge in the region. It also feared that Washington might start with Iraq first but later move to Syria. “Syria next” if America succeeded to destroy the Ba’ath regime in Baghdad, was in the mind and calculations of the Ba’athist Syrian leadership.

A Syrian government statement was clear about that when it criticized operation “Shock and awe” of 20 March 2003, saying Syria “condemns this barbaric aggression to which our Iraqi brethren are being subjected ...Syria calls for an immediate end to the war and the withdrawal of invading forces.”<sup>119</sup>

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<sup>119</sup> Reuters, 22 March 2003.



## 4.2.2 Jordan

The fact that Jordan is strategically located between key regional Middle Eastern states (Iraq, Israel, Syria and Saudi Arabia) made its national and economic interests dependent on securing strong political and economic relations with its regional environment. In fact, the Hashemite Kingdom is dependent on Iraq in many ways for the survival of the Kingdom's business community, energy security and the southern main port of Aqaba port. "We have nothing to live from in Jordan, even our sea is dead," is a saying well known in Jordan. This compelled Jordanian leaders to pursue a strong alliance with Ba'athist Iraq based on economic, strategic and geopolitical interests. As for Iraq, cementing tighter links with its Hashemite neighbour was critical to assure a rapid break from its regional isolation, economically and politically.

Jordanian agricultural, pharmaceutical, and other goods and materials were given priority in Iraqi local market. Regionally, Iraq was the largest market for Jordanian exports, as well as it topping Jordan's international trading partners like the United States and Germany. "Trade with Iraq in the first 11 months of 2001 reached \$819 million, or 13.4 percent of Jordan's total foreign exchanges of \$6.1 billion, up from \$5.4 billion in the same period of 2000...Jordan's trade with the United States came to \$548 million, or nine percent of the total, followed by Germany with \$422 million (seven percent), Saudi Arabia with \$261 million (4.2 percent), China with \$246 million (four percent) and India with \$242 million (3.9 percent)."<sup>120</sup>

During the sanctions era Iraq became the first trading partner to Jordan in the world in terms of exports and imports, while the United States came second. Iraq remained the first and largest trading partner to Jordan even in the year 2002. A report from the Central Bank of Jordan's monthly report of 2002 shows "that trade with Iraq in the first two months of 2002 amounted to JD 100.3 million, while its trade with the US was valued at JD 80.2 million. Germany ranked third

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<sup>120</sup> AFP, 22 January 2002.



with JD 39.4 million,” the report said. According to the report, “Jordan exported goods worth JD 35.3 million to Iraq in January and February this year, while imports amounted to JD 64.9 million, mostly oil and its derivatives,” while “US exports to Jordan in the same period totalled JD 26.9 million and imports were valued at JD53.3 million.”<sup>121</sup>

Lacking oil, and battered economically by more than two years of Israeli-Palestinian conflict, Jordan got almost all its crude oil supply and petroleum products from Iraq in a combination of free and cheap oil. According to a special agreement with Iraq (called the oil protocol), Amman imports 5 million tons of oil, 50 % of that volume was for free as a gift from Saddam Hussein to the Jordanian people and the other 50% was at preferential prices less by \$4-\$5 dollars than the market price.<sup>122</sup> In addition Jordan could export goods and products worth 450 million dollar annually under another commercial agreement between the Iraqi and Jordanian government (called the trade protocol).<sup>123</sup>

Jordan and Iraq renewed the annual oil protocol between them on 21 of November 2002 for another year, where Iraq added to the normal volumes mentioned above an additional oil grant of \$300 million to Jordan for the year 2003.<sup>124</sup> Moreover, the trade ministers of Iraq and Jordan improved relations yet again by signing trade agreement to increase its commercial trade with Iraq “signed a memorandum for trade cooperation that calls for increasing trade between Iraq and Jordan to \$310 million by 2003 up 19.2 per cent from the \$260 million trade protocol for this year.”<sup>125</sup> To help meet and facilitate the Kingdom’s daily energy needs, and in a further move that reflects the common economic and trade interests, the two countries decided to construct an oil pipeline that links one of Iraq’s oil fields to a Jordanian oil refinery and asked foreign firms to help establish and finish that vital pipeline by the year 2004. This pipeline if had been allowed to finish would have been 750km in length with a total of \$350 million and a capacity of 250

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<sup>121</sup> Jordan Times, 15 July 2002.

<sup>122</sup> Jordan Times, 31 October 2001.

<sup>123</sup> Al-Jazeera.net, 19 December, 2001.

<sup>124</sup> Al-Jazeera.net, 22 November 2002.

<sup>125</sup> Jordan Times, 22-23 November 2000.



thousands barrel per day.<sup>126</sup> Also, Iraq allowed Jordan to jointly explore in an Iraqi oil field that is near the Iraqi/Jordanian border called Al-Risha oil field.<sup>127</sup>

The oil and the pipeline project clearly served as a stimulus for Jordan's gradual shift toward Iraq. Yet another critical part of their bilateral economic coordination that could explain the warming of ties comes through the Jordanian Red Sea Aqaba port. During the Iran/Iraq war, the port came to play a key transit route for Iraq and its international trade, especially after Iraq's two main ports of Basra and Umm Al-Qasr were badly affected by eight years of war. Jordan had always urged Baghdad to import its products under the "oil-for-food" deal through the port of Aqaba, thus Iraq asked many international companies to use the Aqaba seaport as a transit link. According to the Iraqi Trade Minister, Iraq's imports through the Jordanian seaport total 800,000 tons per year, while the Jordanian Prime Minister Ali Abu Ragheb asked Iraq to increase its imports through Aqaba port.<sup>128</sup>

Yet Iraq demonstrates its full economic and political potential through intensive efforts to bring Jordan political, academic and business communities under its patronage. Hence, this is not even the Iraqis working 'underground' but is done mostly in public. To this end, Iraqi financial inducements were disbursed regularly-even though it is difficult to pin down- to Jordanians political candidates, journalists, writers, the press, poets, artists, tribal leaders, parliamentary, ministerial officials, religious clerics and businessman. Baghdad has been actually working for decades to create a block of an influential pro-Iraqi lobby in touching virtually every sector of Jordanian society to promote Saddam's propaganda and popularity in Jordan and the Arab world. It is worth mentioning that many influential Jordanian Arab tribes pay allegiance to Saddam, like the Al Abidat tribe and the powerful Beny Hassan tribe. They too got financial support from Saddam. In many demonstrations in the South of Jordan, targeted against government economic decisions and IMF rules, Jordanian tribes carried Saddam's pictures in a direct indication of how Saddam influenced these demonstrations and could destabilise Jordanian internal security at will.

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<sup>126</sup> Al-Jazeera.net, 27 May 2002.

<sup>127</sup> Azzaman Newspaper, 19 November 2001.

<sup>128</sup> Jordan Times, 6 August 2001.

Another explanation that has been advanced for Iraqi-Jordanian rapprochement included the argument that Amman was seeking to strengthen its manoeuvring power and regional position at a time when it felt challenged by a more right-wing Israel. Jordan was troubled by the return of the hard-liners in Israeli politics and the eruption of the Palestinian-Israeli dispute. Thus, closer Jordanian ties with Baghdad are a Jordanian step towards adjusting its regional orientation and a sign of dissatisfaction with Israeli hard-line policy. Problems begun to surface between the two countries when Netanyahu replaced the Nobel Peace Prize winner Shimon Peres; matters worsened between Amman and Tel Aviv "following Israel's decision to open a new exit to the Hasmonean tunnel in Jerusalem and the subsequent outbreak of violent clashes between Israelis and Palestinians. It was at this point that Jordanian-Israeli relations entered their worst crisis since the signing of the peace treaty."<sup>129</sup>

The crisis deepened even further when Israeli Prime Minister Sharon arrived in power. Jordan anxiety increased knowing that Sharon was the author of the idea to create an alternative homeland for the Palestinians in Jordan. Most significantly, this crisis of confidence served even more an Iraqi orientation argument. Asher Susser noted: "As the strategic understanding with Israel eroded, Jordan's attitude toward Iraq accordingly began to shift. Despite expressions of discontent with Saddam Hussein's regime, Jordan increasingly sought to normalize relations with Iraq. Disappointment with the economic dividends of peace with Israel was an added incentive for the kingdom to seek out new trade deals with Iraq, and consequently, Jordanians began to tone down their anti-Iraq rhetoric in preparation to benefit from new trading opportunities."<sup>130</sup> Jordan's sombre mood towards Israel was clear in many Jordanian media and newspapers. One such newspaper, *al-Arab al-Yawm*, speaking about US support for Sharon's attacks on the Palestinians, accused the United States of double standards: "Washington chose to back the most famous representative of terrorism and extremism in the history of Zionism."<sup>131</sup>

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<sup>129</sup> Asher Susser Jordan: Case Study of a Pivotal State (The Washington Institute for Near East Policy, 2000), p.98.

<sup>130</sup> Ibid., p.101.

<sup>131</sup> AFP, 4 December 2001.



King Abdullah, the son of the late King Hussein, continued his scepticism of the peace process and linked the Iraq issue with that of the Palestinians. In 2001, the King condemned sanctions and called for their total lifting, when he addressed the 13<sup>th</sup> ordinary opening session of the Arab League: "As for our brethren in Iraq, its inconceivable suffering has gone on for far too long. It is time to end this suffering, and to lift the embargo on Iraq."<sup>132</sup> And when Bush outlined his strategy after the terrorist attacks on 9/11, the King made his country's views clear: "The problem is, trying to take on the question of Iraq with the lack of positive movement on the Israeli-Palestinian, Israeli-Arab track seems, at this point, somewhat ludicrous."<sup>133</sup> Ali Abu Ragheb, Jordan's Prime Minister highlighted the economic factor behind Jordan's dislike of any war on Iraq "Iraq is our main trading and any future military strikes against it will bring havoc to the Kingdom's economy. That's for sure."<sup>134</sup>

Many Arabs viewed Iraq's isolation and territorial integrity in regional affairs and security arrangements as a liability. For Jordan it was a political, strategic and economic necessity Iraq would not be excluded from the region's affairs. Perhaps not surprisingly then, this was echoed in many Jordanian statements, including Crown Prince Hassan, and King Hussein who "subsequently observed that a threatened and weak Iraq was an added burden on the Arabs and constituted an unacceptable situation that should not be allowed to persist."<sup>135</sup>

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<sup>132</sup> [www.kingabdullah.jo](http://www.kingabdullah.jo)

<sup>133</sup> AP, 28 July 2002.

<sup>134</sup> "Jordan's economy linked to Iraq" The Star Issue No.112, 21 September 2002.

<sup>135</sup> Susser (2000), p.102.

**Table 4.2 Jordan imports from Iraq (Thousand JD), 1992-1996**

1996							1995	1994	1993	1992
Jan-Jul	Jul	Jun	May	Apr	Mar	Feb				
208,870	30,065	32,502	31,321	28,757	28,767	26,821	316,265	298,351	307,007	295,437

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.32, No.8, August 1996, p. 67.

**Table 4.3 Jordan exports to Iraq (Thousand JD), 1996**

Total Exports	96,159
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Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.37, No.3, March 2001, p. 68.

**Table 4.4 Jordan exports/imports with Iraq (Thousand JD), 1997**

Total Exports 1997	142,072
Total Imports 1997	364,266

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.37, No.3, March 2001, p. 68, 70-71.

**Table 4.5 Jordan exports to Iraq (Thousand JD), 1998**

Dec	Nov	Oct	Sep
5,218	11,171	12,936	12,284

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.35, No.8, August 1999, p. 67.

**Table 4.6 Jordan imports from Iraq (Thousand JD), 1998**

Dec	Nov	Oct	Sep
14,215	18,776	23,236	21,881

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.35, No.8, August 1999, p. 69.



**Table 4.7 Jordan exports to Iraq (Thousand JD), 1999**

Jan-Sep	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
44,034	4,963	6,218	3,812	6,075	6,304	3,517	6,019	3,079	4,047

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.35, No.12, December 1999, p. 67.

**Table 4.8 Jordan imports from Iraq (Thousand JD), 1999**

Jan-Sep	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
211,435	31,331	24,178	27,767	25,166	27,214	23,482	21,293	14,525	16,479

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.35, No.12, December 1999, p. 69.

**Table 4.9 Jordan exports to Iraq (Thousand JD), 2000**

Dec	10,413
Nov	4,834
Oct	4,114
Sep	4,589
Aug	10,412
Jul	12,608
Jun	5,827
May	18,887
Apr	11,963
Mar	5,082
Feb	5,855
Jan	5,388

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol. 37, No.3, March 2001, p. 68-69.

**Table 4.10 Jordan imports from Iraq (Thousand JD), 2000**

Dec	42,174
Nov	44,753
Oct	50,348
Sep	45,724
Aug	40,895
Jul	31,181
Jun	34,202
May	41,818
Apr	38,801
Mar	35,470
Feb	40,476
Jan	39,316

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.37, No.3, March 2001, p. 70-71.

**Table 4.11 Jordan exports to Iraq (Thousand JD), 2001**

Jan-Sep	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb
102,105	19,505	18,626	12,123	10,634	9,998	8,076	8,214	4,552	6,666

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.38, No.1, January 2002, p.69.

**Table 4.12 Jordan imports from Iraq (Thousand JD), 2001**

Jan-Sep	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb
411,744	36,419	44,729	40,808	29,978	45,229	47,024	41,726	37,446	42,626

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.38, No.1, January 2002, p. 71.

**Table 4.13 Jordan exports to Iraq (Thousand JD), 2002**

Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr
25,131	24,935	24,952	39,018	24,553	38,677	21,817	25,586	21,462

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.39, No.3, March 2003, p. 69.



**Table 4.14 Jordan imports from Iraq (Thousand JD), 2002**

Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr
47,605	47,074	52,432	66,755	67,110	42,234	26,950	44,312	49,508

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.39, No.3, March 2003, p. 71.

**Table 4.15 Jordan exports/imports with Iraq (Thousand JD), Jan-Mar 2002**

Total Exports	60,595
Total Imports	105,340

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.39, No.6, June 2003, p. 68-69, 70-71.

**Table 4.16 Jordan exports/imports with Iraq (Thousand JD), Jan-Mar 2003**

Total exports Jan-Mar	Mar	Feb	Jan
52,870	16,240	16,463	20,167

Total imports Jan-Mar	Mar	Feb	Jan
138,309	45,700	44,710	47,899

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Department of Research and Studies Vol.39, No.6, June 2003, p. 69.

### 4.2.3 Egypt

As with the alliance with Jordan, consideration of economic security of other Arab states was paramount. Baghdad's success in pushing for a lift of the regional economic and political siege around it included Egypt and touched numerous economic and social sectors in Tunisia, Morocco, Yemen and the UAE.

Many reasons were behind Egypt's decision to reenergize ties with Baghdad. Egypt had many problems from population explosion, high unemployment, budget security crises, decline in tourism after Islamist terrorists attacks, the failure to modernize their export industry to western standards, insecurity about new loans and delays in funds arriving, in addition to the ongoing Israeli-Palestinian conflict coupled with the possible threat of a wider Middle East war—all these factors economically and politically oriented Egypt towards Iraq. Egypt needs the Arab markets and resources. It could therefore not maintain the regional isolation of Iraq for long. Nasser brought Egypt closer to the Arab world ideologically and developed Egypt's Arab identity, while Sadat oriented Egypt towards the West and Israel.

Under Mubarak's third and fourth terms in office, Egypt saw an active foreign policy linked with national economic interests. Mubarak brought the business community closer to him as he promoted vital Egyptian economic interests. Anything that helped increase Egyptian exports was welcomed. At the same time, the Mubarak government had always stood for achieving the Arab Common Market instead of the American idea for a Middle East Common Market out of fear of Israeli economic and technological domination. For example, even though some independent businessmen did go, Egypt officially and politically boycotted the Regional Economic Conference in Doha, Qatar in December 1997 because of the stalemate in the peace process. Thus, it seemed logical and necessary for Egypt to engage Iraq economically and politically.

Egypt and Iraq had resumed their diplomatic missions and political consultations in a symbolically political gesture to increase trade. Significant political statements from various Egyptian politicians was increasingly becoming against sanctions and for the rehabilitation of Saddam into the Arab fold. One such



significant statement came from the political advisor to Egypt's president Mubarak, Osama Al-Baz, said that sanctions on Iraq and its suffering must end and can not continue for ever.<sup>136</sup> From these political statements, to which Iraq attached considerable public importance, Baghdad rewarded Egypt with more trade. Egyptian exports to Iraq reached in year 2001 \$1 billion and \$628 million, increased from \$1 billion in the year 2000. This volume increased to \$3.8 billion by the 11<sup>th</sup> Phase of the "oil-for-food" deal in 2002.<sup>137</sup> According to the Iraqi trade minister, out of 75 countries that Iraq traded with, Egypt came third in rank internationally (after France and Russia) and the first in the Arab-inter trade with Iraq. Sound financial reasons gradually moved Cairo into the Iraqi camp.

A special free trade agreement, which was signed in January 2001, and came into effect in August of that year, between Cairo and Baghdad, allowed the financially struggling Egyptian private sector to exports its cheap goods and products to Iraq without any customs fees or trading quotes.<sup>138</sup> The total volume of contracts awarded to Egypt under the 11<sup>th</sup> phase of the "oil-for-food" deal only (December 2001- June 2002) was \$350. And in April 2002, more than 94 Egyptian companies held a trade fair for their products in Baghdad where the private Egyptian sector signed contracts with the Iraqis worth \$62 million. The Egyptian Commercial attaché in Baghdad announced that the total of Egypt's exports to Iraq since 1997 was beyond \$4.7 billion.<sup>139</sup> During the sanctions era, Egyptian companies were concentrating on construction, infrastructure, and residential blocks, complexes, and services projects in Iraq.<sup>140</sup> At the same time, Iraq and Egypt signed an agreement whereby Egypt agreed to rehabilitate Iraqi factories and provided all its badly needed spare parts. Moreover, the two countries established a joint-business board to increase the bilateral economic, commercial and industrial cooperation between them,<sup>141</sup> while in 2003 Egyptian, Saudi and Syrian companies won more than 22 housing complexes construction contracts.<sup>142</sup>

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<sup>136</sup> Arabic News, 15 January 2001.

<sup>137</sup> Al-Hayat, 9 April 2002, p.11.

<sup>138</sup> Al-Jazeera.net, 6 December 2001.

<sup>139</sup> Al-Hayat, 28 January 2003, p.13.

<sup>140</sup> Al-Hayat, 3 June 2002, p.11.

<sup>141</sup> Al-Hayat, 23 June 2002, p.11.

<sup>142</sup> AFP, 23 January 2003.

The rumour was going on that Egyptian businessmen had facilitated more than 50 armoured Mercedes cars for Saddam's own use.<sup>143</sup> It was not sure if Mercedes in Germany knew of the deal, but it is certain that some German businessmen preferred dealing with Iraq through Egypt and the cover of Egyptian businessmen. Moreover, what made it easier was that German car manufacturers were already involved in joint ventures and investment in the Egyptian market. The free trade agreement aims was to make business easier for Egypt-Iraqi trade as well as benefited foreign firms who hesitated to directly deal with Iraq. Egypt and its companies also had routinely held trade and goods exhibitions in Baghdad. In the third such trade fair, 180 Egyptian companies participated, and at the fourth exhibition for Egyptian firms, held on 15 April 2002, 102 companies from different industrial and commercial sectors participated.<sup>144</sup>

As a regional heavyweight and a strong ally of the United States, closer ties between Egypt and Saddam's regime signalled clearly Baghdad emergence from regional isolation. The Economic Intelligence Unit commented "Egyptian-Iraqi trade evidently has a political dynamic. Egypt is still viewed as the "leader" of the Arab world and is a key ally of the US, on which it can bring some influence to bear. Consequently it makes sense for the Iraqi government to source much of its imports needs through Egypt."<sup>145</sup> It is worth noting that Egypt refused an American request to minimize the volume of trade relations with Iraq, and the United States voiced particular concern over the free trade agreement signed by Egypt and Iraq.<sup>146</sup>

It was not only commercial interests that played a key factor in Egyptian-Iraqi relations during the sanctions' era. Strategic and geopolitical considerations took their toll on Egyptian foreign policy makers too. The stalled peace process, the growing anti-Israeli feelings in Egyptian street, the unequal benefits of the Egyptian-Israeli trade, the Israeli nuclear power and missile programmes which many Egyptian politicians viewed as threat to Egypt existence, the myth about Israel's territorial dream of Greater Israel from the Nile to the Euphrates, all in all,

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<sup>143</sup> Iraqi businessmen, private interview with author, The Netherlands, Late 2001.

<sup>144</sup> *Al-Hayat*, 9 April 2002, p.11.

<sup>145</sup> *EIU Iraq Country Report*, March 2002 p.30.

<sup>146</sup> *Arabic news*, 13 December 2001.



contributed to a wide Egyptian anxiety and caution. Given the fact that Egypt and Israel had fought three major wars, this anxiety was heightened. This is evident in how the leader of Egypt expressed his government's concerns and frustrations with Israeli policy: "With Sharon there is no solution. He is a man who knows only murder, strikes and war. By nature, he does not accept peace, and very frankly, I don't believe there is hope with Sharon and his group, which includes extremists."<sup>147</sup>

Like many of their counterparts across the Arab world, many famous Egyptian actress and actresses, singers and sportsman all visited and performed in Iraq and some even met with Saddam Hussein himself, meetings which were aired on many Arabic channels. Most of them, upon their return from meeting with Saddam, rallied the street and staged demonstrations in front of the American Embassy. Using Egypt's great influence on Arab media, print, literature, and films, Egyptian film directors, actors, poets, and writers made an impact among the Arab masses with movies that depicted general public resentment and frustration with US policy on Iraq and Palestinian issue. One such a movie showed students of the American University in Cairo demonstrating and burning the American flag against the US 1998 Desert Fox Operation, thus falsely portraying America as not the enemy of Iraq only but also of the Arab people.

Many Egyptian intellectuals resented American policy, as well as propagating hard-line policies against normalization with the state of Israel. Some even called for the boycott of Israeli and American products. Such moves broke the cultural sanctions and silence on Iraq, and contributed to the propaganda campaign by Iraq among the Arab masses, thus helping to build sufficient popular resentment to the sanctions using the Palestinian issue to stir up anti-sanctions and anti-American/Israeli sentiments. For example, Arab intellectuals started The Arab Committee for Lifting the Sanctions off Iraq that held many of its meetings in Cairo. The Committee is a civil NGO made by intellectuals, and its aim was to create a civil awareness and to build popular resentment against the sanctions on Iraq. Its head, Ashraf El-Buyoumi, highlighted his people's difficulties with the sanctions on Iraq, when he said because of the sanctions on Iraq: "We as Egyptian

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<sup>147</sup> AFP, 18 July 2001.

people are directly and spiritually and economically suffering.”<sup>148</sup> Another vital Egyptian intellectual, and one that won the Noble Literary Prize in 1988, called the sanctions on Iraq “futile and outdated.”<sup>149</sup>

Due to the public pressure, Egypt’s president allowed the Egyptian planes to fly to Baghdad carrying large Egyptian delegations and medicine. One such an airplane carried a sign written on it “The airplane of the martyr Mohammed El-Dorra” who was a Palestinian child shot dead by Israeli forces during the Palestinian Intifada.<sup>150</sup> This clearly resembled how the Arabs linked the Palestinian issue with that of the Iraqi issue and how that helped to overcome and destroy the sanctions regionally.

On the political front, Iraq benefited greatly from co-opting a state like Egypt, who was at the forefront of efforts to push Saddam troops out of Kuwait in 1991. Egypt even stood against any war against Iraq. Egypt’s reasons were many. First, as with other Arab countries, it links the Palestinians issue with the Iraqi issue. It claims that it could not support a war on Iraq when Sharon was bombing the Palestinians. Second, it would lose a vital export market for its products, especially when realizing that after Saddam many of the big contracts could go to the victors of the war. Third, its tourist industry could suffer and could push unemployment in Egypt higher. The cost could be as high as \$2billion, according to Egypt’s Minister of Tourism’s estimates, and that was only if the war was short and did not expand beyond Iraq to the region.<sup>151</sup> Fourth, loss of expatriates’ remittances from Egyptian workers in Iraq and possibly even from workers in the Gulf region would be significant for the economy. It is estimated that in Iraq alone there was 200,000 Egyptian workers.<sup>152</sup> Fifth, Egypt realized that any new government in Iraq will eventually be more Western oriented and democratic in nature, which could put pressure on the Egyptian government concerning the bargaining chips in the peace process or domestic political and economic reforms.

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<sup>148</sup> Arabic News, 23 September 2000.

<sup>149</sup> Arabic News, 7 September 2000.

<sup>150</sup> Arabic News, 18 October 2000.

<sup>151</sup> Al-Hayat, 4 March 2003, p.11.

<sup>152</sup> “Egypt Preparing for the Worst” Al-Ahram Weekly 1 February 2003.



The Egyptian resistance to operation Iraqi Freedom was evident in its organizing of a crisis Arab summit to reject any war on Iraq. Also on the 5<sup>th</sup> of March 2003, the ruling national party of President Mubarak organized a big demonstration of more than half a million people rallying against war in Iraq and in support of the Palestinians. By that time, the issue of Iraq had transformed itself into a vital domestic political card for the many parties and political figures inside Egypt. Even the ruling national party could not ignore it and wanted to take the initiative at the forefront of those who were against war.

## 4.2.4 The UAE

Since the mid 90's, Sheikh Zayed Al Nahyan, President of the UAE, had called for the rehabilitation of Iraq into the Arab fold. In 1998, Dubai restarted its maritime route from the UAE to the Iraqi port of um-Qasr. Six passenger and commercial boats sailed to Iraqi ports and back to Dubai and Bahraini ports every day.<sup>153</sup> The total volume of trade between the two topped \$5 billion in the last five years,<sup>154</sup> \$ 20 million worth of trade between Iraq and UAE was taking place every month.<sup>155</sup> Commerce trading and re-export with Iraq in 2001 was 8 times more than that of commerce in 2000. Trade was topping to 1.7 billion UAE Dirhams (\$468 million) in 2001 from around only 196 million UAE Dirhams for the year 2000. According to the Chamber of Commerce in Dubai, Iraq stood at number five in the list of countries that Dubai exports and re-exports to.<sup>156</sup>

The United Arab Emirates took the lead among the Gulf States in calling for the rehabilitation of Baghdad, and ever since, trade between the two countries reached an unprecedented amount. In order to promote that trade, the two countries signed a free trade zones agreement in Baghdad in 2001: "The agreement provides for the free flow of goods between the two countries and removal of all tariff barriers."<sup>157</sup> This preferential trade agreement provided for the free flow of capital between the two countries: "The signing of this agreement has made Iraq and the UAE one market by scrapping customs duties and administrative restrictions governing the issuing of imports licences," declared Mohammed Mehdi Saleh, Iraq's Trade Minister.<sup>158</sup>

Iraq favoured UAE companies as a reward for the Sheiks political support. For instance, A Dubai-based Company, Process Automation Consultants and Systems Integrators (Pracsi), had completed more than 40 projects under the UN's "oil-for-

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<sup>153</sup> Al-Hayat, 19 May 2002 p.11.

<sup>154</sup> Al-Jazeera.net, 2 November 2001.

<sup>155</sup> www.tradearabia.com, 15 March 2002.

<sup>156</sup> Al-Hayat, 20 November 2002, p.11.

<sup>157</sup> Khaleej Times, 3 November 2001.

<sup>158</sup> Ibid.



food” programme. One such project was installing \$7million worth of control systems for Iraq’s oil and gas industry in northern Iraq’s Baji project.<sup>159</sup>

For the UAE, Iraq was a vital counterweight to Iran in the Arabian Gulf. The UAE leaders feared Iranian intervention in disputed Abu Musa and Tunbs Islands. Iraq’s importance to the UAE was reflected in many of the official statements coming from there since the mid 90s.

Sheikh Sultan Bin Zayed Al Nahyan, the deputy Prime Minister of the United Arab Emirates, stated: “we intend to establish bridges of friendship with Iraq, especially the beleaguered Iraqi people, who are victims of mistaken policies—both by Baghdad as well as major Western powers who seek to influence President Saddam Hussein by punishing a hopeless population—because Iraq is our neighbour and because the Iraqi people are part and parcel of our societies. We must forgive past errors, open new pages, and eradicate the scourge of war from our area. To accomplish those objectives, it is essential that we look at Iraq with a human face rather than the cold and calculating realpolitik perspectives that seek to reward the strong and punish the weak.”<sup>160</sup>

The deputy Prime minister added, “After a decade, and at the dawn of the twenty-first century, it is vital that we re-evaluate the current United Nations-imposed policy that is literally choking Iraqis.” Sheikh Al Nahyan admitted “Iraq was and remains of strategic value to the Arab world because it offers geographic depths, provides trained manpower, and controls substantial natural resources, including water and oil. We value Iraq as a determinant factor in Arab affairs”. He contended, “UAE strategic interests require that Iraq be bought out of its current doldrums and be re-integrated in the family of nation-states.” The Sheikh stressed “We value the Iraqi populace and wish to cooperate with it to foster mutually beneficial policies, enhance trade opportunities, and intensify our cultural, education, and scientific links. In addition to these concerns, our openness to Iraq is also a matter of basic human rights, for it is unconscionable to allow Iraqi men, women, and children to wallow in misery, the way they are through no fault of

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<sup>159</sup> *Khaleej Times*, 6 June 2002.

<sup>160</sup> Sheikh Sultan Bin Zayed Al Nahyan “The UAE Vision for Gulf Security” in Joseph A. Kechichian (ed) *Iran, Iraq and the Arab Gulf States* (Palgrave Publishers, 2001), p.384.

their own. Future generations of Emirates and Arabs will not look kindly on leaders who turned their backs to the sufferings of the Iraqi population, and this too must change, if long-term Emirati interests are to be preserved.”<sup>161</sup>

UAE officials highlighted their different opinion with the United States and linked the Iraqi issue to the failure of the Middle East peace process: “The US, while seeking to revamp sanctions on Iraq, gives different measures to international legitimacy. At the time, Washington seems to be very strict in implementing international Resolution on Iraq, it stands strongly against any form of condemnation of Israel’s aggression against the defenceless Palestinian civilians.”<sup>162</sup>

This development in relations between the two countries was music to the ears of some foreign companies who did not wish to be in the forefront of making business directly with Iraq. Instead, they simply used Dubai as a cover instead of the EU or the United States. Moreover, hundreds of Iraqi businessmen were allowed to conduct their businesses freely from Dubai. Due to Dubai’s close proximity to Iraq and its southern ports of Basra, these businessmen were making a brisk business from oil smuggling and other goods including foreign-made technology products and armoured protected and sports cars for the Presidential palace. They had been permitted to build business empires in the UAE and were holding vital positions in banks, media and trade. The two countries also established bilateral committees to coordinate efforts in the industrial and commercial sectors and also to jump start joint projects and exchange know how and establish workshops to train technicians in various industrial fields. They even discussed the establishment of a joint Iraq-Emirate airline.<sup>163</sup>

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<sup>161</sup> Ibid., p.388.

<sup>162</sup> Deputy Prime Minister Sheikh Sultan bin Zayed Al Nahyan, in an interview with the Arabic daily-Al Sharq Al Awsat “Partiality to Israel Damages US credibility-Sheikh Sultan” Quoted in *Gulf News*, 20 July 2001.

<sup>163</sup> *Al-Hayat*, 20 November 2002, p.11.



In the latest studies on Iraqi-UAE trade relations, according to private estimates the volume of trade and contracts with Iraq in the next ten years-if Saddam was still in power- would have reached \$250 billion, involving restructuring projects for Iraq's infrastructure, oil industry, electricity, and consumer goods and products.

#### 4.2.5 Saudi Arabia

Iraq is one of the largest consuming markets in the region. Saudi realized that fact and started acting upon it. Saudi Arabia had restored its trade with Iraq since 1999. Later, a thaw in relations happened at the Arab summit in Beirut on March 2001, which helped boost trade even further.

Saudi Arabia who wanted to promote its national products and improve its export-oriented Saudi companies in the non-oil sectors found Iraq as an ideal market for its national products. The Iraqi Trade Minister was quoted as saying to the daily Al-Iraq: "Economic cooperation between Iraq and Saudi Arabia is growing, and Iraqi purchases from the kingdom have exceeded one billion dollars."<sup>164</sup> Saudi companies who were exporting to Iraq in millions were being encouraged even further by Saudi officials to do more to maximize their commercial opportunities and market share in Iraq. "Saudi businessmen should focus on the Iraqi market...and participate in commercial exhibitions in Iraq, either directly or through agents, to preserve our market share in Iraq. The Iraqi market is seen as an extension of the Saudi market, given its proximity and the fact that Iraqi consumers are more acquainted with Saudi products."<sup>165</sup> During the period from 1999-2003, Saudi Arabia exported foodstuffs, chemicals, medicines, pharmaceutical products, spare parts, cars, and agricultural equipment to Iraq.

In addition, in another signal of normalization of relations and increased trade activities between the two Arab states, the Saudi Ministry of Commerce had

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<sup>164</sup> AFP, 10 May 2002.

<sup>165</sup> Dr. Abdul Rahman Al Zamil, Chairman of the Executive Council of the Saudi Export Promotion Center (SEPC). *Arab News*, 05 February 2002.

allowed Saudi businessmen to export non-Saudi products to Iraq.<sup>166</sup> Thus the government encouraged re-exports to Iraq as well. In addition around 100 Saudi companies and an official Saudi business delegation comprising 35 members participated in the Baghdad International Trade Fair in 1<sup>st</sup> November 2002.<sup>167</sup>

In a similar vein, in early November 2002 Saudi Arabia opened its Northern borders with Iraq at Arar gate (450 Km from Baghdad) after 11 years of closure. This was another sign of a development in relations between the two countries. Since 1999, Saudi Arabian trade with Iraq had reached \$1.1 billion. 35 Saudi companies were trading with Iraq. Many viewed the opening of this trade route as being of great importance because it helped financially Saudi industrialists who were reluctant to trade with Iraq through third countries such as Jordan due to the high transit and supply costs. So this move was expected to help cut the costs of transportation and cut more bureaucratic problems in turn helped increase and facilitate trade between the two countries. At the same time, discussion was under way to sign a free trade agreement with Iraq in order to lift the 30% tax Saudi companies had to pay for customs duty.<sup>168</sup>

Therefore it was not surprising to see a rush of Saudi companies participating in the November 2002 Baghdad international trade fair. 155 Saudi businessmen and 42 Saudi companies participated in that trade fair.<sup>169</sup> The trade and political relations were enhanced further when Iraq's Industry and Minerals Minister, Mayssar Rija Shalah, visited the Saudi kingdom for ten days. He discussed relations with Saudi officials and businessmen, and at the end of the visit he stated that the two countries "agreed on a scheme to make irrigation equipment, which will be the first investment project in Iraq financed entirely by Saudi businessmen."<sup>170</sup>

Due to Saudi government cuts in expenditure, there was a reduction in big infrastructure projects inside the kingdom, in areas such as housing and other projects like building hospitals, health centres and schools. It was estimated that

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<sup>166</sup> Arab News, 21 July 2002.

<sup>167</sup> www.tradearabia.com, 29 September 2002.

<sup>168</sup> Al-Hayat, 6 November 2002, p.2.

<sup>169</sup> Al-Jazeera.net, 1 November 2002.

<sup>170</sup> EIU Iraq Country Report, June 2002, p.32.



Saudi private businessmen had a surplus in machineries and materials worth of 17 billion Saudi Rials or \$4.533 billion. Noticing this gap, Iraq, in 2002, proposed some twelve housing projects to Saudi businessmen, which included the building of 6000 housing units at a cost of \$400 million, while at the same time Saudi companies won tenders to build 12 hospitals and 90 health centres. Even though the trade Saudi-Iraqi relations were relatively new when compared with other Arab countries, by February 2003, Saudi commercial trade volume with Iraq had reached around \$1.5 billion.<sup>171</sup>

AFP reported that in January and February of 2003, Saudi companies won contracts worth \$146 million, and about \$100 million worth of contracts were allocated to the Saudi in February alone. This all came despite the threat of war looming around Iraq.<sup>172</sup>

The failure of the Middle East peace process also played a role in Saudi strategic perceptions of the region. Its newspapers echoed the Saudi perception: "Before one condemns those who exploded these bombs, it is necessary to know the real cause of such actions. The US refuses to acknowledge that the cause is Sharon's penchant for crimes against humanity. That is where the cycle of violence starts and ends. And it cannot end unless the US does something to end Israeli terrorism spearheaded by Bush's friend Sharon."<sup>173</sup>

Later, the Saudis challenged and rejected the Bush administration's vision of pre-emptive strike or an invasion of Iraq to topple Saddam Hussein and his regime. Ever since the tragic events of September 11<sup>th</sup>, the Kingdom has been at the forefront of regional states that oppose any war against Iraq. This can be seen clearly from the Saudi officials' statements on the Iraq crisis. "The kingdom does not support a war or strike against Iraq," said Saudi intelligence Chief Prince Nawaf bin Abdul Aziz in an interview with As-Sharq Al-Awsat newspaper.<sup>174</sup>

Prince Saud al-Faisal, Foreign Minister of Saudi Arabia, attacked Bush's vision that peace in the Middle East would come through removing Saddam when he

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<sup>171</sup> Al-Hayat, 28 February 2003, p.13.

<sup>172</sup> AFP, 6 March 2003.

<sup>173</sup> Quoted in the English-language Saudi Gazette Washington Post, 3 December 2001.

<sup>174</sup> AFP, 29 June 2002.

told CNN: "I think (that) removal of Mr. Sharon will be more apt to bring a solution to the question of the Palestinians than the removal of Saddam Hussein. He (Sharon) is the obstacle to peace."<sup>175</sup>

At the Arab Summit of 1<sup>st</sup> March 2003 in Egypt, Gaddafi's remarks insulted the Saudis, who decided to walk out of the summit-opening meeting. The surprising move was that the Iraqi and the Syrian delegations, in protest of Gaddafi's remarks against Saudi Arabia, followed them.<sup>176</sup>

This was a sharp contrast to what happened in the Arab Summit in Egypt in 1991, when Saudi and the rest were against Iraq, and Gaddafi was among the few who defended Iraq inside the summit. In addition, the final communiqué of the crisis Arab summit in Egypt of 1<sup>st</sup> of March 2003 rejected completely any American war on Iraq and called any attack on Iraq as a threat to Arab national security, calling on Arab countries not to take part in this war.<sup>177</sup>

This communiqué was not possible without the Saudi Crown Prince Abdullah. In their speech inside the summit, the Iraqis acknowledged that, and thanked the Crown Prince for his personal efforts to keep the Arab united and prevent a war.<sup>178</sup>

Later, Crown Prince Abdullah, the effective ruler of Saudi Arabia after his half brother, King Fahd, fell ill, said, "The kingdom will not participate in any way in the war on brotherly Iraq and our armed forces will under no circumstances enter a foot of Iraqi territory," adding that the Kingdom "strongly rejects any blow to Iraqi unity, independence, and its security and the country's military occupation and have clearly told the United States about the Saudi stance."<sup>179</sup>

Certainly economic and political reasons were behind the overtures to Baghdad by Saudi Arabia and the UAE, yet the cultural factor and specifically the tribal values and its informal interactions played a powerful determinants too however behind the scene. Many factors played a key role in facilitating and successfully closing

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<sup>175</sup> Reuters, 1 March 2003.

<sup>176</sup> CNN & Al-Jazeera.net, 1 March 2003.

<sup>177</sup> Ibid.

<sup>178</sup> Ibid.

<sup>179</sup> CNN, 1 March 2003.



commercial deals between Iraqi businessmen and Saudi as well as Emirati's counterparts' private and public sector. In general, seven factors profoundly affected indirectly the efficiency and logic of the regional embargo. 1) The concept of *jiwar* or neighbourhood. 2) The supremacy of *ghara'ib* or foreigners against the pan-Arabism through *aylaqat al dam*. 3) The notion of Arab brotherhood. 4) The tribal concept of *nasab* or lineage. 5) Tribal cultural values stressing courage, forgiveness, and manhood against external threat. 6) The *asabiya* or solidarity concept. 7) Religious dimension and the *silat al raham* or kinship. However, the Middle East urbanized and commercialised environment made most tribal figures prominent businessmen, the educated middle class, and civil servants. They became an instrumental and integral part of the chambers of commerce, landlords, industrial leagues and the private sector. While many of the contemporary tribal figures are businessmen and live in luxury, the Bedouin nomadic aspects mentioned above remained in many ways significant, resilient, and persistent in Arab society.<sup>180</sup>

In the words of one observer:

*Kahilji* businessman approached me, who happens to be the youngest prince of Saudi Arabia; he was wearing the traditional *iqal* and *kofiyya* (the tribal head ware). After briefly introducing himself and naming his tribe, we kissed on the nose; I then welcomed him with traditional tea. Political discussion came in fore, he said we are one Arab family and of the same tribal traditions and that our religion oblige us to forgive each other. We agreed that it was time to forgive the past and open a new page so we don't let the *ghara'ib* (foreigners) get between us. He said our factories and economies needed to benefits too. They asked me to help and smoothen the way for them to enter the Iraqi market. This signified their readiness to do business again and openly with us.<sup>181</sup>

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<sup>180</sup> Faleh Jabar & Hosham Dawod (eds.) Tribes and Power: Nationalism and Ethnicity in the Middle East (Saqi, 2003), pp.15-159.

<sup>181</sup> Iraqi businessman, private interview with author, The Netherlands, Mid 2001

This commercial action between the Iraqi and Saudi businessman symbolised the importance of traditional representation and the informality of commercial interaction to reach peculiar commercial arrangements. It came to my attention that these kinds of political rehabilitation and commercial alliances was also taking place between Iraqi businessmen and businessmen from the UAE whose state were build on tribal political structure and headed by tribal sheikhs. Although it is rather more difficult to pin down: the tribal way of thinking in the UAE and especially by Sheikh Zaid influenced how the UAE commercially approached Iraq and this could be also seen in his and the other officials in the UAE (see the section in the UAE) public statements that clearly called for the lifting of sanctions against Iraq.

One important note that must be mentioned here is that when mentioning tribal factors played a key role in the commercial and political rehabilitation of Iraq with its neighbourhood, it is meant by it the Iraqi Sunni tribal figures with the Arab Sunni tribal figures. Saudi Arabia has traditional and religious links to the Anbar province in Iraq where most Sunni Iraqi businessmen originate. At the same time, by agreeing to trade with Iraq, Saudi Arabia was in fact trading and strengthening the hand of the Sunni dominated government of Saddam Hussein. The reason is difficult to pin down but at the same time can be obvious for two factors: 1) Saudi Arabia feared that Arab Shi'ite tribes which represents the majority of the Iraqi population to have the upper hand if sanctions succeeded in undermining Saddam's regime and topple him, the Ba'ath party, and his military establishment which all largely were dominated by Iraqi Sunni's. 2) By dealing directly with the influential Sunni tribes. By doing so the Saudi's had hoped it would guarantee smooth access to the Iraqi market and win lucrative commercial deals.

The demise of the American containment policy can also be seen from other angles especially that of the shifting position of the Gulf countries towards Iraq. The Gulf countries saw the Oslo agreement collapsing, arms sales to Israel increasing, Saddam ever more strongly entrenched in his position, Iran gaining more military power, the fear of the possible break up of the Iraqi state with the possibility of a Shia reaching power in Baghdad, America's opening up to Iran Khatami, the Arab Street boiling, resentments and attacks against US troops



positioned in the Gulf, in addition to the large economic and commercial deals for their industry and economies: all these factors pushed the Gulf countries to embark on an independent policy to rebuild the regional relationships. They could not ignore Iraq forever as the American wanted them to do. They had their own regional concerns and therefore their own agenda to deal with and solve. Local arrangements with their neighbourhood became thus a priority. Thus the mutual visits and complementary statements and the increased trade between Baghdad and the Arab Gulf capitals including Riyadh were the core factor behind the collapse of the American containment policy. Saudi is a case in point. One of the results was that the United States was denied the use of the local airbases to attack Iraq. "The February 1998 crisis was marked by a distinct lack of Saudi support for US efforts to pressure Baghdad. Secretary of State Madeleine Albright's visit to drum up support for a military strike was met by a stone wall in Saudi Arabia. She left without getting 'Abdallah's approval for the United States to use Saudi airbases. When Secretary of Defense William Cohen followed, he still could not get approval for the use of Saudi airbases. Defense Minister Sultan bin 'Abd al-Aziz later rejected the possibility. The US effort was seen as insensitive to local concerns, bullying, and embarrassing."<sup>182</sup>

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<sup>182</sup>Joshua Teitelbaum "The Gulf States and the End of Dual Containment" Middle East Review of International Affairs (MERIA), Volume 2, No.3, September 1998.

## 4.3 Non-Arab neighbours

Other key international actors beside the Arab world were Iraq's non-Arab neighbours. This section discusses the relations with two key states around Iraq: Turkey and Iran.

### 4.3.1 Turkey

Turkey, which had been facing a severe economic crisis since 2001, since which time scores of Turkish businesses have closed, banks collapsed, thousands of workers laid off, and the lira tumbled massively against the dollar, started pushing for a total revitalization of its economic ties with Baghdad. According to Turkish officials, Turkey claimed that it had suffered a loss in trade of \$35 billion to \$50 billion under the twelve-year UN sanctions. Turkey restored full diplomatic relations with Baghdad, and sent various delegations to Baghdad in February 2000 as well as in September, October, March, and May 2001. Despite US misgivings and warnings not to go ahead with the visits, Turkey sent a big Turkish business delegations, led by Trade Secretary Kurzad Tuzmen, and composed of hundreds of businessmen representing Turkish companies as well as hosted many Iraqi officials in Ankara. In addition, it resumed its train services between Ankara-Baghdad,<sup>183</sup> as well as its commercial flights into Baghdad<sup>184</sup> and planed to build gas pipeline (1,380-kilometres with estimated cost of \$2.5 billion). This was in connection with an agreement that Turkey had signed with the Iraqi government at the end of 1996, under which Iraq would deliver up to 10 billion cubic meters of natural gas a year to Turkey.<sup>185</sup> Turkey also signed a memorandum of understanding on promoting cooperation in the oil sector and trade.<sup>186</sup>

Relations continued to improve and in June 2002, another Turkish delegation traveled by air to Baghdad, headed by Turkey's State Minister and 300 officials and businessmen. In their four-day visit they met with Iraqi officials from the

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<sup>183</sup> BBC, 6 May 2001.

<sup>184</sup> AFP, 15 June 2001.

<sup>185</sup> AFP, 1 April 2001.

<sup>186</sup> China's People Daily, 27 July 2001.



health, trade, agriculture, irrigation, internal affairs, electricity, and oil ministries. At the same time, Iraq's Oil Minister reported that the total trade value between Turkey and Iraq had reached, in the year 2001, \$2 billion.<sup>187</sup>

Turkey, who had been Baghdad's largest trading partner before the Gulf War of 1991, and was, at the same time, a NATO member and Washington's main ally in southeastern Europe and the Caspian region, favored a total lift of economic sanctions on its neighbor Iraq, hoping to increase its trade ties with Iraq to the pre-1990 level of annual \$2.5 billion. This aim was slowly materializing throughout the years from 1999 to 2002. Turkey moved steadily towards rebuilding ties with Iraq. The volume of commercial exchange between Baghdad and Ankara had risen to \$2 billion by the end of July 2001 and with a forecast of reaching \$3 billion for the following year.<sup>188</sup> This represented a significant increase in Turkish exports to Iraq from 1999, where trade between the two countries amounted to \$661 million and to \$1.26 billion in 2000.<sup>189</sup>

For the Turkish government, it was becoming increasingly difficult to support the economic sanctions on Iraq, which was clearly reflected in the words of Turkish Prime Minister, Bulent Ecevit: "Iraq was one of our main trade partners before the Gulf War" adding "Turkey has been the major sufferer of the embargo on Iraq". Even with the knowledge that Saddam was repressing his people, threatening Iraq's neighbors, and both seeking and retaining weapons of mass destruction; Mr. Ecevit went on to say that: "It's not our concern who continues the leadership of this or that or any others country. Saddam is there in the position of leadership, and that's a fact we cannot change. The United States has tried to change it for several years, but to no avail."<sup>190</sup> Turkey's thirst for its own commercial interests with Baghdad drove a wedge in the sanctions aim and system, in addition to creating differences among allies. By trading with Iraq, Ankara seriously challenged and publicly criticized Washington's policy on Iraq especially in relation to the economic implications of the sanctions.

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<sup>187</sup> Al-Hayat, 1 July 2002, p.2.

<sup>188</sup> Arabic News, 31 July 2001.

<sup>189</sup> China's People Daily, 27 July 2001.

<sup>190</sup> John Ward Anderson "Ankara Supports Lifting UN Sanctions Against Iraq" Washington Post 26 January 2001 p.A17.

Aysegul Sever, an Assistant Professor in the Department of political science and International Relations at Marmara University in Istanbul, Turkey, stated that the

Economic embargo, which was applied in August 1990, adversely affected the Turkish economy, especially that of South Eastern Turkey where Kurds live in large numbers. Ankara therefore expressed its unease with the embargo as early as 1992. Since then Turkey has suffered great economic losses due to the end of a large-scale trade with Iraq, and the loss of transit revenues from the Kerkuk-Yumurtalik pipeline. By 1998 some estimates put Turkey's losses as high as \$35 billion. This was a serious setback since Iraq was Turkey's largest trading partner in the mid-1980s. Consequently, Turkey consistently called for a special treatment as was the case with Jordan, but no success has been achieved. Ankara's application to the UNSC's Sanctions Committee to conduct the so-called Jordan model border trade with Iraq under the Article 58 of the UN Charter was turned down.<sup>191</sup>

The Turkish side managed to win an advantageous position in their efforts to improve economic ties with Baghdad and to restore their badly-hit economy through dialogue policy just similar to that of other EU and Arab states rather than the isolationist policy of the United States. Saddam returned these favors with similar gestures of support towards Ankara, as Sever indicated: "in the disastrous earthquake of August 17, Iraq surpassed some of Turkey's Western allies in the amount of aid provided by pumping \$10 million worth of oil through the Turkish-Iraqi pipeline after a special UN permit was issued."<sup>192</sup>

In Ankara's mindset, the continued Kurdish nationalist aspirations towards an independent Kurdistan in Iraq, as well as in southeastern Turkey, remained a deeply troubling issue. It was an additional priority for any Turkish government

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<sup>191</sup> Aysegul Sever "Turkey's Stance on 'Dual Containment' " Journal of South Asian and Middle Eastern Studies, Vol.XXIV, No.2, winter 2001, p.53.

<sup>192</sup> Ibid., p.60.



after the economic ties and considerations. However, Turkey found a great partner in Saddam who shared these same concerns when it came to the Kurdish question. To prevent the Iraqi Kurds from creating an independent state of their own, a solution was found through intelligence cooperation and the regular Turkish cross-border invasions into northern Iraq. The Iraqi regime's approach towards these incursions was accommodating.<sup>193</sup>

Turkey, long one of America's key strategic allies in the region, also clearly expressed its opposition to military action against Saddam regime. A government spokesman raised the question: "Is there any new mistake committed by Iraq or are accounts of ten years ago being settled?" Furthermore, General Huseyin Kivrikoglu, Chief of Turkey's General Staff, has made it plain that he feared an attack would have consequences detrimental to his country's own security interests. An Associated Press report from 25 December, 2001, stated: "Kivrikoglu indicated that if Saddam is ousted, Iraqi Kurds would take advantage of a power vacuum to set up a Kurdish state, which may boost the aspirations of autonomy-seeking Kurds inside Turkey. (He commented) 'Nobody would like this country (Iraq) to fall apart leading to the emergence of new ethnic states.'"<sup>194</sup>

In a conference on Turkey held in London on 14 November 2002, the speakers spoke of the financial losses that were estimated to reach as much as \$15 billion if the war started and lasted for a while. Tourism, oil smuggling, oil transit charges, ports, and Turkish factories and companies could suffer, according to the 200 bankers and economists who participated in that seminar.<sup>195</sup>

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<sup>193</sup> Ibid.

<sup>194</sup> AP, 25 December 2001.

<sup>195</sup> Al-Hayat, 17 November 2002, p.11.

### 4.3.2 Iran

Despite the fact that Iran and Iraq had not formalized an official peace agreement a decade and half after the end of their eight years war, the two countries agreed to boost their commercial exchange to \$500 million a year under the UN “oil-for-food” deal. The two countries also saw some improvement in their political exchanges, their embassies opened, and they exchanged large numbers of war prisoners and dead. The improvements in relations were reflected in Baghdad’s annual international trade fair of November 2002, in which more than 50 Iranian companies participated.<sup>196</sup>

There were other examples of the increase in the normalization of relations between the two countries. When Iran hosted the Islamic Conference Organization (ICO), Saddam was invited to attend. Iranian Foreign Minister Kamal Kharrazi officially visited Baghdad on an Iranian plane, and often many senior Iraqi officials visited Tehran and met with Muhammad Khatami, Iran’s President. Both sides exchanged POWs while Saddam, for the first time since the Iranian revolution of 1979, allowed Iranian pilgrims to visit the Shi’a holy places in Najaf and Karbala.

Iran-Iraq relations also showed signs of smuggling cooperation across the long land border between them sometimes via the northern Iraqi governorates as well as through the Iranian territorial waters. “Illicit oil exports via the Persian Gulf averaged about 70,000 barrels per day in November, and that represents the highest level since sanctions have been in place.”<sup>197</sup>

This all came on the backdrop of hostile relations between the two countries prior to the economic sanctions on Iraq. Moves to improve relations between the two governments during the sanctions era seemed to have two factors behind it 1) the US military presence in the Gulf area and Afghanistan which was close to Iran’s land and water borders. Iran probably wanted to defy and render useless the US imposed dual-containment policy on it and on Iraq. 2) Iran under Khatami was

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<sup>196</sup> AFP, 5 November 2002.

<sup>197</sup> State Department report on Iraq oil smuggling by State Department Spokesman James Foley, 10 December 1999. <http://www.usembassy.it/file9912/alia/99121005.htm>



moving towards more political and economic opening. An opportunity for Iranian exports to increase by selling their products to the Iraqi market. 3) Cutting down on Iraq interference inside Iran through Mujahedin-e Khalq, and the Kurdistan Democratic Party of Iran. 4) Extra money for the Iranian military and traders via smuggling Iraqi oil and goods.

As for Iraq, opening to Iran was important from many ways: 1) It was another country infringing the regional economic sanctions. 2) Another opportunity to build support from within the region 3) Although symbolic in nature, Iraq had hoped by opening up to Iran it would win an ally- even symbolically- especially when considering the regional political weight such an alliance-although symbolic- can impact on the US sponsored dual-containment policy. 4) A vital smuggling route to facilitate Iraqi smuggling efforts. 5) Cutting down on any destabilizing activities by a possible Iranian involvement in the south or north of Iraq.

Although a long-time enemy of Saddam, the economic and political relations between the two had improved and risen steadily in defiance of the sanctions and the containment policy. Anoushirvan Ehteshami asserted that “dual containment effectively placed Iran and Iraq in the same boat,” while “Iran’s anxiety” increased even more when the Bush administration placed the two countries again under the category of evil regimes.<sup>198</sup> Thus Ehteshami asks “Why should Iran help overthrow Saddam when rapid success may have facilitated U.S. efforts then to overturn the regime in Tehran?”<sup>199</sup> He added that “the two neighbors have demonstrated a remarkable capacity, despite lasting tensions, for bilateral cooperation in pursuit of each of their interests in Gulf security since the end of their war in 1988. The two countries reestablished diplomatic relations, rebuilt some of their old economic ties, and broadened intergovernmental exchanges during the 1990s on the issues of war reparations, their common border, and prisoners of war.”<sup>200</sup>

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<sup>198</sup> Anoushirvan Ehteshami “Iran-Iraq Relations after Saddam” The Washington Quarterly Autumn 2003, p.122.

<sup>199</sup> Ibid, p.123.

<sup>200</sup> Ibid, p.121.

## 4.4 Summary

In an effort to get out of sanctions, Iraq had signed 11 free-trade agreements: with Algeria, Egypt, Lebanon, Oman, Qatar, Bahrain, Sudan, Syria, Tunisia, Yemen and the United Arab Emirates. However, Iraq's rapprochement with the Arab world continued even if there were no free trade agreements, and it also extended beyond the Mashreq and the GCC states. This was evident in the case of Morocco. The two countries established a joint business council to increase liberate and encourage trade and commerce between them. Trade volume between the two countries in the year 2001 reached \$240 million in Moroccan exports to Iraq while Morocco imported \$450 million of Iraq's oil.<sup>201</sup>

Oman had activated trade and economic co-operation with Iraq too. There was an Omani-Iraqi joint committee that met to discuss these issues, while the two countries had signed a deal to increase trade ties and expand interactions commercially.<sup>202</sup> Oman and Iraq also inaugurated the maritime routs between their two countries to enhance trade between the two countries. Three boat trips travelled between Iraq and Oman. This materialized due to the immense pressure from the Omani business lobby to restore trade routes with Iraq.<sup>203</sup> In addition, Sultan Qaboos of Oman ratified an agreement establishing a free trade zone between the two countries to enhance and increase trade between the Sultanate and Iraq.<sup>204</sup>

At the same time, Qatar, a gas rich Gulf state, signed a free trade agreement with Iraq during June 2002 in a visit to Baghdad by Sheikh Hamad Bin Faysal al-Thani with a 50 man delegation of Qatari business and government officials where the Sheikh stated: "It's a natural step on the way to develop relations between the two brotherly countries."<sup>205</sup> The Qatari Economy and Trade Minister added, "During our visit, we have signed deals (with) Iraq worth more than £200 million."<sup>206</sup> Moreover, the two sides agreed to open their maritime links between their

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<sup>201</sup> Al-Hayat, 15 June 2002, p.2.

<sup>202</sup> Reuters, 18 March 2003.

<sup>203</sup> Al-Hayat, 7 July 2002, p.13.

<sup>204</sup> "Oman-Iraq free zone agreement ratified" Gulf News, July 8, 2002.

<sup>205</sup> AFP, 9 June 2002.

<sup>206</sup> Reuters, 9 June 2002.



harbours, and to establish a joint company for maritime transportation.<sup>207</sup> In addition, Saddam Hussein received two Boeing airplanes from visiting Arab Emirs and businessmen. They said that they were a gift of appreciation for his Arab leadership and a gesture of solidarity with the Iraqi people. The first came from Sheikh Hamad bin Ali Al-Thani, a member of Qatar's ruling family. The second came from Egyptian, Jordanian, Lebanese, and Moroccan businessmen.<sup>208</sup> Saddam was eager to show how his strategy of defiance and breaking through the regional economic sanctions was working.

Qatar also used the issue of Iraq to play a more influential role in regional affairs. Echoing Sheikh Zayed of the UAE Qatari diplomacy under the Foreign Minister Sheikh Hamad Al Thani saw a policy calling for the lifting of sanctions to alleviate the agony of the Iraqi people. In mid 2000, Al Thani even made this very clear in Kuwait when he called on Kuwait to forget the 1990 invasion and allowed the rehabilitation of Iraq to the Arab fold.<sup>209</sup>

A country that went to war against Iraq in 1991, Bahrain had opened its embassy in Baghdad and resumed trade links. Iraq also opened its embassy in Bahrain. In mid 1998, Bahrain's Minister of Finance and the National Economy announced that his country had decided to free its foreign trade with 10 Arab countries including Iraq.<sup>210</sup> The two countries opened their navigation line in 1999 and since then, people and goods had been able to travel between both countries.

In 2002, the Iraqi Chamber of Commerce and the Bahraini Chamber of Industry and Commerce signed an agreement to promote trade ties and enhance economic relations. It also stipulated the implementation of joint projects, organizing trade fairs, and the exchange of visits and information.<sup>211</sup> Many Bahraini businessmen visited Baghdad; the most notable occasion was in March 2002 where a delegation of 50 businessmen visited Iraq. In 2002, the trade volume stood at \$ 6

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<sup>207</sup> Al-Hayat, 9 June 2002, p.2.

<sup>208</sup> AFP, 18 August 2001.

<sup>209</sup> Ghanim Alnajjar "The GCC and Iraq" Middle East Policy, Vol.VII, No.4, October 2000, pp.98-99.

<sup>210</sup> Arabic News, 1 June 1998.

<sup>211</sup> Arabic News, 18 March 2002.

million. At the same time, the two countries signed a free trade agreement, which was expected to increase trade.<sup>212</sup>

As for Lebanon, in late 2001 Iraq began to extend economic support to the ailing Lebanese economy. In 2001, the volume of trade between the two countries reached \$ 400 million, while Lebanese trade delegations visited Iraq extensively during 2001 and 2002.<sup>213</sup> In addition, Iraq decided to export 150,000 to 200,000 barrels of oil to Lebanon per month at a reduced price. This was confirmed by the Daily Star, which stated that Iraq and Lebanon signed a memo in April 2002 reading: "Lebanon is to receive its oil needs, estimated at 150,000 to 200,000 barrels per month, at reduced prices to be specified later."<sup>214</sup> In addition, Lebanon participated in the November 2002 Baghdad International Trade Fair with a total of 85 companies specializing in food, medicine, electronics, chemicals, agriculture, detergents, computers, cosmetics, and textiles.<sup>215</sup>

In summary, the evidence suggested strongly that Iraqi policy had not changed towards vital United States' interests, while Saddam Hussein managed skilfully to trade and interacts effectively with Arab and non-Arab neighbours creating an economic dependence for some and strategic need from others. It is also recognition that in practice, sanctions had failed to deter Iraq's neighbours from re-starting their economic and political relations with Saddam regime.

The actual aim of sanctions was supposed to discourage trade and cooperation with Saddam, especially from front-line states. This proved ineffective as the security concerns and economic benefits of regional states was more vital than UN sanctions rules and regulations. Arab and non-Arab states saw that it was in their national interests to support Saddam diplomatically and even economically to get him out of the sanctions box. During the 1991 Gulf War, Saddam replaced Israel briefly as the enemy. However, full cooperation with the United States was too hard for Arab governments at a stage when Israel was seen as the enemy number one by the Arab public opinion and perceived to be harmful to their interests and the relations with their population. These governments, including the

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<sup>212</sup> Arabic News, 22 February 2002.

<sup>213</sup> Arabic News, 10 June 2002.

<sup>214</sup> "Baghdad 'Committed' to Helping Lebanese Economy" The Daily Star 6 April 2002.

<sup>215</sup> Xinhua News Agency, 22 September 2002.



more moderate amongst them, were cautious in supporting the continued bombardment of Iraq and the UN sanctions. Moderate Arab states feared the rise of extremism due to the intensity and sensitivity of the Iraqi and the Palestinian issues which served to fuel extremism in the Muslim world.

Pressing domestic needs pushed the Arab states to Iraq. Linguistic, cultural, common history and religious affinities between Iraq and the Arab world also helped the push towards the rehabilitation of Iraq. An essential component of Arab informal interactions and politics was the tribal and marriage affinities complementing these factors were the cultural, language, history, geography and religion they share. This informal interaction with Iraq and the Iraqi elite and ordinary people was reflected indirectly on some Arab governments' foreign policies especially the Arab Gulf area. Indirectly this helped an Arab policy that favoured the lifting of sanctions and the rehabilitation of Iraq. It can be called an informal process of elite bargaining and is crucial in Arab conflict management and problem solving. This informal bargaining procedure seeks to promote consensus among Arab businesses as well as political elites: however, it may turn out to be fragile and depends on key political actors' willingness to accept, accommodate, and compromise for the sake of tribal, religious and cultural sake.

Convinced that America would not officially lift UN sanctions against Saddam Hussein as long as he stayed in power, and even more convinced that years of economic sanctions could not unseat him or even destabilizes his rule, realpolitik had to follow: dealing with Saddam Hussein economically and politically became a reality.

One thing that should be clear from the above discussion is that the regional sanctions on Iraq had all but collapsed. Regionally, Iraq became politically and economically rehabilitated. In the years of sanctions, Iraq managed to complete the process of restoring relations with all Arabs states (with the exception of Kuwait) and also managed to change the political, economic and strategic alignments in the Arab world to its advantage.

Iraq also managed to extend its diplomatic and economic relations with non-Arab countries such as Turkey and Iran. All the profound changes discussed above brought new opportunities for Iraq and helped to accelerate its drive for a vital regional role again. Thus, through these new regional relations, Iraq managed to place more stresses, complications, and strains in US policy in the Middle East in general, and on Iraq in particular. This was evident when Colin Powell's and Dick Cheney's visited the Middle East in the year 2001 and failed to win support for Powell's vision of smart sanctions or Cheney's call for the separation of the issue of Palestine and Iraq and regime change in Iraq.

The years of sanctions showed that the region including the Arabs ignored all US pleas to put an end to illicit trade or close their land borders with Iraq, or even to accept full UN monitoring on Syrian border or endorse the concept of regime change in Baghdad by force.

The following chapter focuses on the international economic relations with Iraq, and illustrates to what degree the world traded with Iraq by selecting key international actors and how this helped the de-containment of Saddam and the erosion of the multilateral comprehensive economic sanctions.



## **Chapter five**

## **5. INTERNATIONAL POLITICAL ECONOMY AND IRAQ**

### **5.1 The long-term international strategic importance of Iraq's oil**

In this section, particular attention is given to the importance of Iraq's natural resources and how these have featured in the international consensus behind the international de-containment drive towards Iraq. One thing should be clear from the preceding discussion: Iraq managed in a greater extent to tie the world's economy and some multinationals to its vast oil and potential market thus helped the economic siege on Iraq lose its political effectiveness and logic.

Iraq is rich in natural and human resources. Its oil riches altered the political chessboard at the UN Security Council. The world needed Iraq's riches and strategic position. Consequently, the world community pushed for the "oil-for-food-deal" to enable them to trade with Iraq. With every year, this programme expanded to the point that sanctions became more theory than practice. All of the UN Resolutions on Iraq had been compromised by one single exception that kept on being enhanced and expanded: the "oil-for-food" programme. Despite its initial humanitarian nature, the "oil-for-food" deal compromised all UN Resolutions on Iraq for the sake of economic and companies' interests. The importance of Iraq in the world economy, and especially that of its oil and grand infrastructure projects, had made Russia, France, China and other UN member states push for more compromises on the "oil-for-food" deal enlarging this deal according to each nation's own narrow national political, strategic and economic interests.

The importance of Iraq to the world economy and oil market was highlighted in an interview with A. Zallom, an Oil expert and is the executive of Zallom & associates for oil consultancy. The interview quoted statistical studies that



estimated Iraq was sitting on 11% of world oil reserves, which equalled to 112 billion barrels while there were other studies that put Iraqi oil reserves to 200 billion barrels. These estimates were taken from 15 Iraqi oil fields out of 74 known oil fields, meaning that there were 60 oil fields still not under production. Iraq's oil was considered to be the cheapest to produce, and Iraq is seen to be the last place on earth where oil will dry up. With world demands growing by 2020 up to 112 million barrels per day, Iraq's economic and strategic importance was forecasted to increase. The interview took the United States as an example, where US oil reserves were estimated to last for ten years only (The US have 22 billion in oil reserves only) while the average American citizen consumes 28 barrels annually compared with an average Chinese citizen who consumes 2 barrels annually. This indicated the increasing need for oil in the West. According to Zallom, Iraq's known oil reserves equalled that of the oil reserves of United States, Mexico, Canada, Western Europe, Australia, New Zealand, China and the rest of Asia all combined (116 billion in oil reserves), with the exception of the Middle East alone.<sup>216</sup>

Steve Kretzmann, an oil expert with the Institute of Policy Studies in the United States, valued the importance of Iraq to the world economy. "The fact of the matter is that if you look overtime, the next 30 to 50 years, Iraq will be strategically important for years to come and that importance is going to increase as other reserves around the world deplete."<sup>217</sup> Many oil industry executives and experts saw the United States liberation of Iraq and the European objection to any US move as a worldwide oil competitiveness between the two "When the US goes to Iraq, we are not only talking about just profit, but we are also talking about control," said Steve Kretzmann. He added, "Who's controlling the tap and who's got their hands on the spigots is what really matters. It has everything to do with oil."

Michael Renner of the Washington-based World Watch Institute confirmed that line of thought, "I think that to the extent that you have a country with a lot of

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<sup>216</sup> Interview with Dr. A. Zallom, [Al-Jazeera.net](http://Al-Jazeera.net), 19 February 2003.

<sup>217</sup> "US Seen Reaping the Biggest Oil Benefits From War" [IPS-Inter Press Service](http://IPS-Inter Press Service), 27 February 2003.

cheap high-quality oil, that at least potentially represents an enormous competitive advantage vis-a-vis someone who doesn't have access to that oil." He added "With low production costs relative to world market price, obviously there's a whole lot more money to be divided up than somewhere in the US or the North Sea where it's far more expensive to produce oil in the first place."<sup>218</sup>

Issam al-Chalabi, former Iraqi Oil Minister, and the executive director of the London-based Center for Global Energy Studies, told the CERA Oil Summit, held on 10<sup>th</sup> February 2003: "Iraq is viewed by the oil industry as one of the world's Prime exploration and development plays: not only are the reserves second only to Saudi Arabia's, but much less has been developed. Also like Saudi Arabia, Iraq has the advantage of low costs for discovery, development and operation of oilfields."<sup>219</sup>

Another example can be seen from the increased volume of trade between Iraq and the EU during the era of sanctions. According to UN estimates on the "oil-for-food" deal between the UN and Iraq, since its inception, the "oil-for-food" programme had made Iraq \$58 billion, with 24 thousand contracts worth \$44 billion, profiting international corporations and industry from more than 70 countries.<sup>220</sup> While the United Nations Office of the Iraq Programme declared that between December 1996 and 20 March 2003 Iraq exported 3.4 billion barrels valued at about \$65 billion.<sup>221</sup> This success in increasing oil production despite sanctions had eroded sanctions further and pushed many business executives to lobby for trade with oil-sanctioned countries, including Iraq.

According to the EU official web site, EU-Iraqi trade "grew considerably in 1997 after the start of the implementation of the UN "oil-for-food" programme. In 2001, EU imports (99% oil products) from Iraq amounted to 3 494 million euro,

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<sup>218</sup> IPS Inter-Press Service: Loc. Cit.

<sup>219</sup> MEES, Vol.XLVI, No.7, 17 February 2003.

<sup>220</sup> Al-Hayat, 24 November 2002, p.11.

<sup>221</sup> The United Nations office of the Iraq Programme, 18 July 2003, <http://www.un.org/Depts/oip/index.html>



about 50% higher than they were before the Iraqi invasion of Kuwait, the EU thus making up about 25% of the Iraqi export markets.”<sup>222</sup>

Moreover, many in the business community were against sanctions. One such businessman was the Ex-Chief Executive and Chairman of Mobil Corporation, one of the largest oil, gas and petrochemical corporations. Lucio Noto clearly highlighted state/business community conflicting perception when speaking against sanctions on Iraq, during a lecture to the Center for Contemporary Arab Studies in Washington: “We may not like the guy who runs the store, but the merchandise in the store sure is attractive.” He added, “My business cannot thrive unless there is a free flow of money, products, people, and ideas.” Noto continued to highlight facts and figures of the shortcomings of sanctions: “If you look back at the history of sanctions, it doesn’t give you much comfort. We have had sanctions against Cuba for 37 years. I’m not sure what anyone thinks we’ve accomplished.” After promising to stay an outspoken critic of economic sanctions and after much explaining about the historic relationship of the energy industry with Iraq, Iran and Middle East in general he raised the need for sincere sanctions debate: “We need an honest discussion and dialogue on sanctions. We cannot allow the debate to go forward in the way it had gone forward to date.”<sup>223</sup> An article in *Newsweek* magazine confirmed this thinking: “The big oil companies are global adventurers, willing to explore in war zones, opposing sanctions on pariah states like Libya and Iraq. They know they can’t meet US fossil-fuel needs from US reserves.”<sup>224</sup>

In his lecture, <sup>225</sup> Lucio Noto nicely articulated the stance of most of the major oil companies in the following comments:

From the narrow perspective of the energy industry, and from the broader perspective of US national interest, unilateral sanctions are a

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<sup>222</sup> The EU’s Relation with Iraq, October 2002,  
[http://europa.eu.int/comm/external\\_relations/iraq/intro/](http://europa.eu.int/comm/external_relations/iraq/intro/)

<sup>223</sup> Rethinking Sanctions: Lecture by Lucio A. Noto; The Center for Contemporary Arab Studies; United States of America, April 1998.

<sup>224</sup> Tony Emerson: “The Thirst for Oil” *Newsweek* April 8/April 15, 2002.

<sup>225</sup> Noto, Op.Cit.

failure. You would think that the US government would encourage globalisation, free trade, and transfer of goodwill across boundaries. My business cannot thrive unless there is a free flow of money, products, people, and ideas. In the past, the US was often the only game in town. If there were US economic sanctions against you, you were in big trouble. Today, countries around the world have access to other markets. They have access to other sources and funds. They have access to technology from many sources. Why do we think that somehow the US is special, that we can impose what we want on others and that we will be effective in doing it? We end up putting sanctions on countries in a way that hurts the wrong people. We remove ourselves from the process of change, from being able to be a catalyst of constructive movement on other countries. And, we disadvantage US companies... Every year, the world uses roughly 75 million barrels a day of oil and gas. We have to replace it. We have to make sure that our children have access to clean, efficient energy. Therefore I'm going to have to live in places that most people in Washington wish were never put on a map. But they exist and they're important to us, and to the free world. I'm ready to take risks to find new sources of energy, but sanctions have the effect of tying one hand behind my back. They disadvantage Mobil competitively...I have a rather emotional view of sanctions. Forgive me for that, but I think this is a bread and butter issue for America: not just for Mobil, and not just for the oil industry, but for the whole of America.

As Noto's comments strongly suggested, the world business community would reject the charge that its growing opposition to the sanctions had been based on nothing more than simple desire for profit. There seemed to be a philosophical consensus among business interests, and those elements in world governments, which support them, that the sanctions represent a policy founded on a false assumption that isolation and punishment were the best ways to influence a country to change its behaviour. In essence, the elements that had been pushing so strongly for a suspension of sanctions were proposing that the best way to get the



Iraqi regime to respect the concerns of the international community was to pursue a policy of constructive engagement, which gave the regime a real stake in doing so.

**Table 5.1 The stakeholders in Iraq's oil industry**

<b>Company</b>	<b>Home Country</b>
Trafigura	The Netherlands
Shell	Britain/The Netherlands
Petroplus	The Netherlands
Socap	France
Total	France
Aredio	France
Elf Aquitaine	France
Perenco	France
Coastal	USA
Phoenix International	USA
Oilexco	Canada
Ranger Oil	Canada
Bow	Canada
Nexen	Canada
Eni	Italy
Agip	Italy
API Oil Ltd	Italy
Costieri Genovese Petroleferi	Italy
Industria Petroliferi Siciliana	Italy
Italiana Energia	Italy
Italtech	Italy
IPS	Italy
IES Italiana	Italy
Repsol	Spain
Sirecox	Spain
Lubna Trading	Spain
Expansion Exterior	Spain
Petrofina	Belgium
Delta	Turkey



Emin	Turkey
Erdem	Turkey
Seta Insaat Petrol	Turkey
Tekfen	Turkey
Tupras	Turkey
Besler Nakliyat	Turkey
KCK Insaat	Turkey
China United Oil	China
Fortune	China
Sinochem	China
China Warbao Engineering	China
Purich	China
Unipecc	China
Zhen Rong	China
CNPC	China
ONGC	India
Reliance	India
India Oil Corp.	India
Alfa Eco	Russia
Lukoil	Russia
Machinoimport	Russia
Nafta Mockova	Russia
Onako	Russia
Rao Mes	Russia
Sibneft	Russia
Sidanco	Russia
Tatneft	Russia
Tyumen	Russia
Zangas	Russia
Zarubezhneft	Russia

ACTEC	Russia
Bashneft	Russia
Gazprom	Russia
Rosneft Impex	Russia
Slavneft	Russia
Transneft	Russia
Stroyexport	Russia
Mastek	Malaysia
PETCO (Petronas)	Malaysia
Petmal	Malaysia
Quantum	Malaysia
Trade Year	Malaysia
PT Condor Oil	Indonesia
Java Atlantic Oil	Indonesia
Medco	Indonesia
Perta	Indonesia
PT Unichem	Indonesia
Korean consortium	South Korea
PetroVietnam	Vietnam
Petroleum Technical Services	Vietnam
PG Pongboon Intertrade	Thailand
Chaiyaporn Rice	Thailand
PTT	Thailand
Mocoh Services	South Africa
Hyson	Nigeria
Addax	Switzerland
Delta	Switzerland
Genmar	Switzerland
Petrogas	Switzerland
Vitol	Switzerland



Harrico	Switzerland
VTT Vulcan	Switzerland
Zerich	Switzerland
Amos	Kenya
Petrobras	Brazil
PDVSA	Venezuela
Gamoco	Gambia
Gulf Erdohandels	Austria
OMV	Austria
Vavilon	Ukraine
Belmetalenergo	Belarus
Lada OMC	Belarus
Vassilevi Brothers	Bulgaria
Samir	Morocco
ZSA Services	Yemen
Bula	Ireland
Hellenic Petroleum	Greece
Marbel Resources	United Kingdom
Benzol	UAE
Camtech	UAE
Jewan	UAE
Crescent International	UAE
Loyoil	UAE
Income	Egypt
Pettrade	Morocco
Raymen	Yemen
ETAP	Tunisia
SPC	Syria
Samasu	Sudan
Sonatrach	Algeria

Source: Various issues of MEES.

Despite the destruction resulting from the wars and the additional economic damage caused by the subsequent years of economic blockade, Iraq remained a country rich in current key natural resources but also in its future potential especially in terms of oil and gas. Future Iraqi aims were highlighted by Iraq's Oil Minister, Amer Rashid, who spoke of the future: "Iraq aims to increase its oil reserves to 270 billion barrels and overtake Saudi Arabia...By transforming potential reserves into proven reserves, Iraq will occupy the top position in the world"<sup>226</sup>

Moreover, Iraq was planning to increase its oil capacity and had announced to major international companies the opportunity to invest in Iraq's oil sector. Iraq was planning to increase production to 6 million barrels per day (bpd) by the year 2010. Iraq forecasted that its energy sector needed investment of 50 billion dollars to reach that target by 2010. Plans and negotiations were already at an advanced level with Turkey, Syria and Jordan to build new and additional oil and gas pipelines to these countries and from it to Europe. In 1990, before the Gulf War and economic sanctions, Iraq's average oil export was standing at 3.2 million barrels per day (bpd) with plans to increase it to 4.2 million barrels per day (bpd). Early in 2001, Iraq announced that it was planning to drill 350 new oil wells to increase its oil reserves capacity. Iraqi and foreign oil experts had pinpointed 514 geological areas that had potential for oil given at a 70% chance of success, while 400 potential oil spots were waiting for discovery plans.<sup>227</sup> For that purpose, Iraq held many international exhibitions for world companies in Baghdad. For example, Iraq had planned to host an oil equipment exhibition in 24 June 2002.<sup>228</sup> That was hardly a country under sanctions.

Iraqi oil exports were 2.27 million barrels per day at the end of July 2001.<sup>229</sup> Within the first week of August, exports jumped to 2.43 million barrels per day<sup>230</sup> and by the last week of November 2001, Iraqi average daily exports rose to 2.67

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<sup>226</sup> AFP, 4 August 2001.

<sup>227</sup> Al-Hayat, 10 April 2002, p.11.

<sup>228</sup> Gulf Daily News, 21 May 2002.

<sup>229</sup> Reuters, 25 July 2001.

<sup>230</sup> Reuters, 8 August 2001.



million barrels of oil.<sup>231</sup> According to UN statistics of 2001, Iraq had earned “close to \$ 40 billion since the start of the United Nations “oil-for-food” programme.”<sup>232</sup>

Even with the economic sanctions in place, Iraq derived considerable revenue from oil sales even though this was put in BNP Paribas Bank in New York, which was selected in 1996 as the exclusive bank for the oil-for-food deal and held the UN Iraq account. Iraq was still the authority that allocated commercial contracts to companies and it was Iraq with whom companies had to negotiate with for commercial contracts. Iraq was expected to submit a distribution plan to the UN for the products it wanted to import, and Iraq was the power that authorized the BNP Bank to open Letter of Credit or pays these companies. The only function the bank had with these revenues was to theoretically keep them away from Saddam’s hand so he does not buy weapons of mass destructions with them.

From a business perspective, while recognizing that Iraq could pay for contracts through its oil sales under the UN programme, one implication of Iraq’s wealth was that it was clearly able to pay the massive amounts of money that was needed to reconstruct the infrastructure and restore the economy during the sanctions or whenever the remaining economic restrictions were lifted. This had meant that projects in Iraq had been very attractive to investors and to companies interested in exploring the Iraqi present and potential market. The country’s need for imported goods extended across the economic spectrum from minor items like pencils to major purchases like airplanes.

Major reconstruction was needed in various economic sectors. Consequently, international companies had found potentially very lucrative business opportunities in Iraq during the sanctions era in a vast number of different areas such as: general industry; desalination; water treatment plants; water distribution networks; pipes; pumps; compressors; turbines; tubes; cables; diesel generators; trucks and other heavy vehicles; drilling equipments; electricity projects and other

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<sup>231</sup> Reuters, 6 December 2001.

<sup>232</sup> UN News Service, 13 March 2001. <http://www.un.org/News/>

power generation networks; transportation; voice communications; internet; mobile, satellite systems; telephone equipment and accessories; and other telecommunications systems; railways; seaports; airports; schools; roads; housing; general construction; fire detection and fighting systems; solar energy systems; security, safety and surveillance systems; wood products; engineering services; training and consultancy services; consumer goods; food and beverages; cigarettes; detergents, soap and other toilet accessories; clothing; consumer electronics; air conditioner; cars; education; agricultural fertilizers, tracks and irrigation; pesticides; sprayers; vegetable/fruit seeds; cultural and environmental restoration projects; spare parts; eco/historic/religious tourism; oil refineries; exploration and drilling for iron; gold; copper; silver; platinum; zinc; phosphates; medicine, vaccines; x-ray and laboratory equipments; medical centers and hospitals.

The United Nations acknowledged that “The Programme (Oil-for-Food), as outlined by the Security Council beyond its initial emphasis on food and medicines to include infrastructure rehabilitation and 24 sectors: food, food handling, health, nutrition, electricity, agriculture and irrigation, education, transport and telecommunications, water and sanitation, housing, settlement rehabilitation (internally displaced persons-IDPs), mine action, special allocation for especially vulnerable groups, and oil industry spare parts and equipment.” The UN Office of the Iraq programme admitted that the Government of Iraq requested it to add new 10 sectors to the Oil-for-Food scheme which the UN accepted. These sectors were “Construction, industry, labour and social affairs, Board of Youth and Sports, information, culture, religious affairs, justice, finance, and Central Bank of Iraq.”<sup>233</sup>

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<sup>233</sup> Office of the Iraq Programme, 18 July 2003.  
<http://www.un.org/Depts/oip/background/index.html>



Ironically, before the collapse of the travel ban, one of Saddam's key mechanisms for enticing foreign companies to involve themselves in Iraq was the ostensibly humanitarian "oil-for-food" programme. Initially, the programme only allowed Iraq to sell oil so that it could purchase basic needs: items like food and medicines. However, it was not long before Saddam found a way to subvert this to serve his more ambitious political ends. The bitter long battle between Iraq and the UN over weapons inspections gave the Iraqi regime an ideal opportunity to make successive demands that the programme should be broadened. While the US and Britain favored forcing Iraq to submit to the inspections with military measures such as bombing raids, and did not fail to make periodic use of these, the other major Security Council members preferred to attempt to resolve differences through negotiations. Consequently, after each eruption of the dispute, the US found itself being forced by its European and Arab allies to allow the UN to broaden the scope of the "oil-for-food" programme. Each new amendment created new windows of opportunity within the programme's parameters. The more the business community saw new opportunities to make more money in Iraq, the more they lobbied governments for further openings, and the more the Iraqi regime was able to use the programme as a means of working its way back into trade relations with the international community.

Since Russian, French and Chinese companies, amongst others, profited considerably from periodic expansions to the oil-for-food programme, one might be inclined to question the purity of these countries' motives for pursuing successive rounds of negotiations with the Iraqi regime and granting such significant concessions. Did the policy makers in these countries actually think that opening the Iraqi market to an ever-greater extent would really get Saddam to cooperate with the UN weapons inspectors, or did they grant concessions because it benefited their own economies? It almost goes without saying that, once the sanctions were effectively in tatters, there was practically no way to induce the Iraqi regime to cooperate with UN rules other than the threat of overwhelming use of force used by the US/UK in 2003 to persuade Saddam to accept back the weapons inspectors. The British newspaper *The Guardian* posed the apt question: "Who's got who in the box here?" The editorial went on to observe: "These days Saddam does not even make a pretence of cooperating with the UN, refusing to

allow its weapons inspectors to return while, at the same time, finding more and more ways, with growing Russian and regional connivance, to circumvent sanctions.”<sup>234</sup> One western diplomat commented to the BBC: “The large turnout and number of planes have turned Baghdad into an open capital, not one under siege”<sup>235</sup>

The erosion of international support for the UN embargo, and the cementing of renewed friendship with Paris, Brussels, Amsterdam, Ankara and Berlin, among others, was really more than just a humanitarian cause but rather a long and established stand by the world business community of a combination of engagement and mercantilism which boiled down really to an amoral foreign policy. The Times, a British newspaper, confirmed: “Most of the leading foreign trade delegations were drawn to Iraq by lucrative contracts on offer for rebuilding the country’s infrastructure. Iraq is pumping more than 2.3 million barrels of oil a day and has granted billions of pounds-worth of contracts to France, China and Russia, all permanent members of the UN Security Council.”<sup>236</sup>

In addition to using Iraq’s massive oil wealth to attract international businesses interested in reconstruction and trade contracts, Saddam also worked very skillfully to enlist the support of major oil companies in his attempt to bring down the sanctions regime. The world had been struggling with rising energy costs and the consequences of an economic slowdown. In this environment, the need for more oil in the market to bring prices down and satisfy the world’s energy demands was ever greater.

Baghdad, which had been the birthplace of the Organization of the Petroleum Exporting Countries in September 1960, retained its oil power once again through the “oil-for-food” deal despite the theoretic existence of sanctions. Oil industry source confirmed, “Iraq is the big prize. It has huge reserves.”<sup>237</sup> The rise of oil

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<sup>234</sup> The Guardian, Thursday September 21, 2000.

<sup>235</sup> BBC, 1 November 2000.

<sup>236</sup> Richard Beeston “Foreigners Flock in as Saddam Mocks Sanctions” The Times 02 November 2000.

<sup>237</sup> Beeston (2000) Loc. Cit.



prices in 2000, 2001, and even 2002 has considerably strengthened the hands of both Iraq and the energy companies in most of the major oil consuming nations.

The fact that Iraq had been successful in increasing and sustaining its oil production capacity to nearly 3 million barrels per day, in spite of twelve years of economic sanctions and poor infrastructure, had dramatically increased its creditability in the world market and increased world competition for its oil. The Middle East Economic Survey reported that: "Iraqi Oil Minister 'Amir Rashid stated that Iraq are close to it aims of retaining the pre 1990 production capacity level of approximately 3.5mn b/d, while this target has not yet been met, Baghdad has been able to increase its sustainable capacity from 2.4mn b/d in 1998 rising to 2.8mn b/d in 2000 and 2001 to the current level of 3.05mn b/d and with a programmed boost to 3.1mn in the next few months."<sup>238</sup>

A Washington based energy consulting firm (Washington Policy & Analysis Inc [WPA]) confirmed the importance of a sanctions-free Iraq, Libya and Iran in a study released in June 2001. According to that study: "Removing US and international economic sanctions against Iran, Libya and Iraq would lower oil prices and increase global crude supplies by 3.5 million barrels per day (bpd) over the next three years" The study predicts that, "Iraq's oil output would climb from its current 2.7 million bpd to 4 million bpd if sanctions are lifted."<sup>239</sup>

It was clear that the message from the oil companies and think tanks had been received and accepted at the highest levels of the American political establishment. President George Bush, Vice President Cheney and many of the administrations most important officials and advisors had an oil industry background. Particularly given concerns about energy, it was no surprise to see that increasing oil production, both domestically and internationally, had been a very high priority since the Republicans returned to the White House in 2001. Cheney, who was chief executive of the American Oil Services Company

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<sup>238</sup> "Iraqi Oil Industry in 2002: A Turning Point" The Middle East Economic Survey Vol.XLV, No.2, 14 January 2002. <http://www.mees.com/postedarticles/energy/iraq/a45n02a01.htm>

<sup>239</sup> Reuters, 30 June 2001.

Halliburton before joining Bush election campaign, headed an energy task force in April 2001, which openly recommended ending economic sanctions “against Iran, Libya and Iraq as part of a plan to increase America’s oil supply”. Realizing the importance of these countries with respect to the world oil supply, the energy task force acknowledged that extant sanctions, “affect some of the most important existing and prospective petroleum producing countries in the world.” The task force report indicated: “The administration will initiate a comprehensive sanctions review and seek to engage the Congress in a partnership for sanctions reform.”<sup>240</sup>

The American economy depends on massive consumption of cheap fuel and energy, and the less reasonably affordable energy is available, the more the US is obliged to seek alternative sources of energy to provide the supplies needed. Some argued that the US could turn into a third world country if these supplies stopped and its limited reserves dried up after few years. Thus, the US wanted a more predictable and stable process of supply. The major oil companies had not been slow to point out those countries like Iraq, Libya and Iran, which are now under US embargo, were an immediate and cheaper way to provide the badly needed supplies.

Oil companies considered sanctions as the factor in wasting hundreds of billions of dollars while leaving these biggest oil reserves to depreciate. According to a report from the United States Energy Information Administration (EIA), “Iraq contains 112 billion barrels of proven oil reserves, the second largest in the world (behind Saudi Arabia) along with roughly 215 billion barrels of probable and possible resources. Iraq’s true resource potential may be understated, as deeper oil-bearing formations located mainly in the Western Desert region could yield additional resources, but have not been explored.”<sup>241</sup> While Iraq’s proven oil reserves and its super giant fields and many other smaller fields, which awaited development, were vital to world energy security and business, its natural gas reserves and production was no less important: “Iraq contains 110 trillion cubic

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<sup>240</sup> “Cheney Panel Seeks Review of Sanctions” The Washington Post 19 April 2001, p.A13.

<sup>241</sup> The United States Energy Information Administration (EIA): [www.eia.doe.gov](http://www.eia.doe.gov). September 2001.



feet (Tcf) of proven natural gas reserves, along with roughly 150 Tcf in probable reserves.”<sup>242</sup>

In May 2002, Iraq announced the discovery of yet more gas wells. This time it was 12 big gas wells: one near Baghdad and the others in Iraq’s western desert close to Syria. According to Iraqi ministry officials, the estimated gas reserves in the field were more than 60 billion cubic metres.<sup>243</sup> Not only rich in oil and gas, Iraq also contained a sizable amount of phosphates. According to the Economic Intelligence Unit, Iraq’s “non-hydro carbons resources include phosphate, estimated by the Iraqi government at 10bn tons.”<sup>244</sup>

With huge opportunities for the oil companies in exploration, profit sharing, drilling, spare parts, reparations, and training in the Iraqi oil sector, experts predicted a sanctions-free Iraq to be one of the most profitable markets. One such expert was Fadhil J. Chalabi, Executive Director of Centre for Global Energy Studies in London and Ex-Iraqi oil minister before the Second Gulf War:

Iraq’s dormant oil potential is so huge that once it is activated and released it could cause drastic changes in world oil and energy politics. Iraq’s present recoverable reserves, amounting to 112 billion barrels (bbl), are more than enough to sustain production at Iraq’s pre-UN-sanctions levels for over 100 years. But this is not all. A very in-depth study undertaken by the Centre for Global Energy Studies (CGES) tries to prove that reserves yet to be discovered exceeds those known to be recoverable. Accordingly, a totally rehabilitated and sanctions-free Iraq could expand its production capacity way beyond 8 million barrels per day (mb/d), easily reaching 10 mb/d, and theoretically even 12 mb/d under certain conditions, when UN sanctions are lifted or Iraq is allowed to develop oil under Security Council Resolution 1284.<sup>245</sup>

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<sup>242</sup> Ibid.

<sup>243</sup> Reuters, 8 May 2002.

<sup>244</sup> EIU (1999-2000), p.15.

<sup>245</sup> Fadhil J. Chalabi “Iraq and the Future of World Oil” Journal of Middle East Policy, Middle East Policy Council, October 2000, Vol.VII, No. 4.

Not only was Iraq a vital petroleum provider to world markets, but also the opportunities were real and huge for large scale projects for oil, gas and energy service companies. Iraq's oil and gas industry had been starved of the latest technology during the sanction era. Potential projects in the energy sector included huge field development programmes, creation of new oil export pipelines, building new marine terminals, oil tanks, rebuilding refineries, petrochemical plants, electricity generation, and water support plants. In addition, foreign contractors could find huge projects in exploration, production, environmental technical services, upgrading storage facilities, spare-parts supplies, banks and consultants.

Not surprisingly, many countries, including EU countries, China, and Russia, had lobbied for the end of 12 years of UN economic sanctions, especially the oil export ban. In the race for oil reserves and commercial contracts, each country was competing with the others in an attempt to cover as much of Iraq's market as possible. Each state had been acting according to their country and company interests, with the exception of the United States government, as European and Russian governments were much more interested in Iraqi oil profits and market. The competition generated by the desire for control over these vast oil and natural gas resources countered the mindset that economic sanctions can be successful: "in September 1999, more than 50 foreign companies attended an oil and gas technology exhibition in Baghdad, the first such gathering in 10 years. Most of the firms were from Canada, France, Italy, and the United kingdom."<sup>246</sup>

The French oil giant Elf Aquitaine negotiated and was promised by Iraq the important Majnoon field (7 billion barrels of proven reserves), while French Total, another oil giant, negotiated a deal to be finalized for the Nahr' Umar field (6 billion barrels of proven reserves with 440,000 projected production capability barrels per day). While Gaz de France conducted negotiations to build a \$ 1.7 billion pipeline from Iraq to Turkey. Turkish oil companies followed the same road. Botas, TPAO, and Tekfen signed a PSA with Iraq for the development of Mansuriyah, a \$ 2.5 billion project with 10 billion cu.ms. of natural gas per year.

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<sup>246</sup> EIA (2001) Loc.Cit.



In the meantime, Russian oil companies had went further in their dealings with Iraq. They negotiated and signed deals and joint ventures for drilling, production sharing agreements, construction of new oil pipeline and upgrading of facilities. Three huge Russian oil firms, Lukoil, Zarubezhneft and Machinoimport, concluded and signed a production sharing agreement (\$ 4 billion) to develop the West Qurna field (7-8 billion barrels of proven reserves). China National Petroleum Corporation (CNPC) and Norinco signed a \$ 1.2 billion deal for the Al-Ahdab field. In addition, CNPC, Norinco, and Sinochem have had discussions with Iraq over developing four other Iraqi fields. At the same time, British (BP, British Gas, Branch Energy, Pacific Resources, Ranger Oil), Canadian (Chauvco Resources, International Petroleum Corporation, Escondido, CanOxy, TransCanada Pipelines), German (Preussag and Deminex), Dutch (Shell and Lamaj), Japanese (Mitsubishi Corporation, Inpex, Idemitsu, Sumitomo, and Japex), and many others discussed, negotiated and expressed interest in developing and buying Iraqi oil.<sup>247</sup>

The fight for Iraq oil in spite of sanctions was made clear by this example: in November 1997, the Spanish government offered Iraq a "donation" and a loan of 114 million euro (\$123 million) in exchange for a Spanish oil company Repsol being granted the right to develop the vital Nasiriya oilfield south of Iraq according to the Madrid daily El Mundo who reported the news on 17 February 2003.<sup>248</sup> It is worth noting that more than 1000 companies from at least 80 countries registered with the United Nations to lift Iraqi oil.<sup>249</sup>

Quite naturally, de-containment occurred because of the direct oil needs and economic relations between the world and Iraq. Thus, it can be argued that international political economy -economic ties and oil needs- worked and helped to de-contain Iraq. On the following pages, and to illustrate this point further, key countries are selected and each of these countries' trade with Iraq is discussed in some detail in an attempt to explain the prevailed mood, changed attitudes, their interests, and perceptions that had accelerated the de-containment of Iraq.

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<sup>247</sup> "Oil, Business, and the Future of Iraqi Sanctions" Policy Watch No. 283, November 24, 1997 The Washington Institute for Near East Policy.

<sup>248</sup> MEES, Vol.XLVI, No.8, 24 February 2003.

<sup>249</sup> AP, 25 June 2002.

Thus, the following section will examine and demonstrates how key actors in the international community effectively removed Iraq from the international sanctions siege into the market of the world trading community. Isolation of Iraq was virtually untenable under the oil-for-food scheme as the world openly traded and interacted with Iraq.



## 5.2 Iraq and key international actors

**Table 5.2 Iraq main trading partners, 1997**

Exports to:	(\$ m)
Spain	389
France	360
US	288
Italy	184
India	152
Austria	120
South Africa	119
Japan	107
Canada	95
Croatia	58
Total incl others	2,309

Imports from:	(\$ m)
Australia	242
US	90
China	65
France	53
Thailand	66
Brazil	28
Belgium-Luxembourg	27
Germany	27
Malaysia	23
Egypt	22
Total including others	766

Source: EIU Iraq Country Profile, 1999-2000, p. 29.

**Table 5.3 Iraq annual indicators 1998**

Main destinations of exports 1998	% of total
US	30.1
France	16.3
Spain	11.0
Italy	8.9

Main origins of imports 1998	% of total
France	20.8
Australia	16.0
US	8.7
China	8.5

Source: EIU Iraq Country Report, May 2000, p. 5.

**Table 5.4 EIU annual indicators of Iraq exports and imports 1999**

Main destinations of exports 1999	% of total
US	56.4
Netherlands	12.3
Japan	9.4
France	7.6

Main origins of imports 1999	% of total
France	19.2
Australia	18.0
China	12.5
Germany	8.4

Source: EIU Iraq Country Report, February 2001, p. 5.



**Table 5.5 EIU annual indicators of Iraq exports and imports 1999**

Main destinations of exports 1999	% of total
US	44.4
France	8.3
Italy	8.3
Netherlands	7.4

Main origins of imports 1999	% of total
France	21.4
Australia	11.9
China	10.6
Germany	5.6

Source: EIU Iraq Country Report, June 2001, p. 5.

**Table 5.6 Iraq main trading partners, 1999**

Exports to:	(US\$ m)
US	3,879
Netherlands	848
Japan	644
France	521
Spain	402
Total incl others	6,875

Imports from:	(US\$ m)
France	193
Australia	182
China	126
Russia	83
US	22
Total incl others	1,008

Source: EIU Iraq Country Profile, 2000, p. 31.

**Table 5.7 EIU annual indicators of Iraq exports and imports for the year 2000,**

Main destinations of exports 2000	% of total
US	46.2
Italy	12.2
France	9.6
Spain	8.6

Main origins of imports 2000	% of total
France	22.5
Australia	22.0
China	5.8
Russia	5.8

Source: EIU Iraq Country Report, September 2001 and the same are shown in EIU Iraq Country Report, December 2001, p. 5.

**Table 5.8 EIU annual indicators of Iraq exports and imports for the year 2001**

Main destinations of exports 2001	% of total
US	60.6
France	8.5
Netherlands	7.4
Italy	5.8

Main origins of imports 2001	% of total
France	19.4
Australia	14.4
Italy	10.7
Germany	9.9

Source: EIU Iraq Country Report, September 2002 and the same are shown in EIU Iraq Country Report, December 2002, p. 5.

**Table 5.9 Iraq's main trading partners (Year 2000)**

Imports 2000			
France	Australia	China	Russia
22.5%	22%	5.8%	5.8%
Exports 2000			
USA	Italy	France	Spain
46.2%	12.2%	9.6%	8.6%.

Source: [http://www.tradepartners.gov.uk/files/iraq\\_education.doc](http://www.tradepartners.gov.uk/files/iraq_education.doc)



### 5.2.1 The old superpower: Russia

Russia, probably Iraq's most vocal and influential advocate in the context of the UN Security Council, had made no secret of its renewed economic interest in Iraq. As of the middle of 2001, Russian bilateral trade with Iraq stood at \$ 2.5 billion a year.<sup>250</sup> As for the summer of 2001, the contracts agreed amounted to approximately US\$50 billion.<sup>251</sup> According to Iraq's Deputy Oil Minister, Hussein al-Hadithi, Iraq had signed over 900 agreements with more than 227 Russian oil companies since the start of the UN "oil-for-food" deal.<sup>252</sup>

Russian companies were generally very enthusiastic about expanding their exports to Iraq with or without sanctions. Russian Foreign Minister Igor Ivanov affirmed this, saying, "Russia has its own large economic interests in Iraq. Iraq is one of our most important partners in the Middle East."<sup>253</sup> At a G8 summit in the summer of 2001, the Russian President Vladimir Putin added his voice to those of other international leaders calling for an end to the sanctions, commenting that: "The system of sanctions against Iraq is not productive...Sanctions have failed to convince Iraq to allow international observers in."<sup>254</sup>

Russian companies had been extremely active with respect to circumventing sanctions and arranging reconstruction contracts and other business deals in Iraq. Moreover, the Russian government had been quite supportive of such activity. It is only what one would expect, therefore, that Russian oil companies had also been openly pushing for a suspension of sanctions, and working around sanctions whenever possible "Of course we are keen to expand our reserve base abroad and Iraq for us is a good option, not only in itself but also as a platform for the region as a whole," said Dimtry Dolgov, spokesman for LUKOIL, Russia's largest oil company.<sup>255</sup> "What is wrong if Russian diplomacy benefits Russian business?"

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<sup>250</sup> The Moscow Times, 16 July 2001, p.07.

<sup>251</sup> Al-Hayat, 4 August 2001, p.11.

<sup>252</sup> AFP, 17 January 2003.

<sup>253</sup> www.online.ie/ June 22, 2001.

<sup>254</sup> "G8 FMs Call for New Iraq Strategy", International Relations & Security Network, 20 July 2001.

<sup>255</sup> Reuters, 28 April 2001.

asked another high-ranking Russian oil executive commenting on the Russian government's support for company initiatives in Iraq.<sup>256</sup> As a result of such business/government initiatives, Iraq promised an exclusive priority to Russian firms in some of its oil fields, including the large Majnoon and Bin Umar fields.

The Washington Post reported: "Convoy carrying Russian oil-drilling equipment arrived at the al Waheed border recently and passed from Syria into Iraq en route to the northern Iraqi city of Kirkuk. About 50 Russian specialists will arrive soon to begin setting up to drill 45 wells." The newspaper added, "Russia has also emerged in the past year or two as Iraq's largest trading partner under the UN oil-for-food program. In the six-month period ending in May, Russia purchased 90 million barrels of oil out of 226 million sold by Iraq, a deal worth roughly \$1.8 billion, according to oil executives here. As of July 31, UN figures show that Russia had sold Iraq \$4.18 billion in food, medicine, and oil-industry equipment since the program began in late 1996, surpassing all other countries." The newspaper gave an example of two vital Russian deals with Iraq: "Emercom, founded by the Ministry of Emergency Situation under close Putin ally Sergei Shoigu, Emercom has become a recent Iraqi favourite; last year Baghdad awarded it two contracts to trade 20 million and 15 million barrels of oil. On July 11, Emercom signed two contracts for a total of 12 million barrels, according to a confidential UN document obtained last month." The newspaper pointed: "According to UN officials, Iraq was charging a premium of 20 cents per barrel at the time of the Emercom deal, Western diplomats consider a 5-cent premium legitimate and anything else an illegal surcharge for Hussein. By that reasoning, the recent Emercom contracts were worth \$1.8 million in illegal surcharges." The other example was of "Slavneft, another state-controlled firm, signed a contract last year to develop the Luhais field in southern Iraq with 490 million barrels of oil. In June, Sibur, a subsidiary of the natural gas monopoly Gazprom, agreed to develop a gas field in southern Iraq."<sup>257</sup>

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<sup>256</sup> Moscow Times, Loc.Cit.

<sup>257</sup> Peter Baker "Russian-Iraqi Oil Ties Worry US" Washington Post 1 September 2002, p.A16.



Iraq gave Russian businesses priority in winning business in the oil sector as a political reward for Russian backing in the Security Council against economic sanctions. Ever since, many Russian firms also signed big deals under this new friendly Russian stance towards Iraq in its war against 'American' sanctions. Rosneftegazexport, an oil firm, was one such a firm which signed twenty oil equipment contracts with Iraq worth 100 million Euros (\$ 88.65 million).<sup>258</sup> In addition to their gains in the Iraqi oil and gas sectors, Russian companies had also won tenders to restore power plants, petrochemical, transportation, telecommunication, industrial and agriculture sectors.

In June 2002, Russia accused the United States and the United Kingdom of trying to target its vital national interests in Iraq.<sup>259</sup> To further buy Russian support against economic sanctions, Iraq's ambassador to Russia announced in July 2002 that his country was ready to pay off its \$ 8 billion debt to Russia, blaming sanctions and America for putting obstacles in front of fulfilling the long standing debt.<sup>260</sup>

Similar to that held in the Netherlands (see p.190), a round table conference was held in Moscow to discuss business dealings and how best to protect Russian economic interests in Iraq. Businessmen, parliamentarians, and a number of Iraqi government officials attended the meeting. In that meeting Russian officials confirmed the importance of Iraq as a strategic and economic partner. "In 2001, Iraq secured its position as Russia's leading partner in the Arab world, with turnover of goods with that country accounting for 60 percent of that with all Arab countries," Russian Deputy Foreign Minister Alexander Saltanov, told the participants.<sup>261</sup> It is worth noting that Russian companies were the largest lifters of Iraqi oil under the UN programme reaching to about 40 million barrels for 2001.<sup>262</sup>

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<sup>258</sup> Reuters, 14 November 2001.

<sup>259</sup> Al-Jazeera.net, 18 June 2002.

<sup>260</sup> AP, 4 July 2002.

<sup>261</sup> AP, 26 November 2001.

<sup>262</sup> Reuters, 28 April 2001.

Russia went even further in challenging the United States in the UN, by threatening to use its veto power to defeat a US/UK plan to revamp the economic embargo on Iraq, seeking to ease restrictions on civilian goods while tightening enforcement of the 1990 sanctions especially in the arms field and plugging up Iraq smuggling routes. The US failed to bring Russia on board for such an action. Russia managed to delay voting on what was called “smart sanctions” and ever since UN Resolution 1284 of December 17, 1999, Russia had haggled with the United States on the issue of a lengthy list of “dual use” supplies and goods that can be used for both military and civilian purposes.

At the UN Russia managed to push the United States to make compromises and loosen UN sanctions regime regarding the list of sale or supply of commodities, services, or products to Iraq in order to protect Moscow’s strong commercial interests in Iraq. “We see in the new scheme a major threat to Russian trade and economic interests in Iraq. We cannot allow it to pass,” said Russian Foreign Minister Igor Ivanov.<sup>263</sup> The Iraqi-Russian relationship created obstacles in Russian-American relations. Russia played the role of shielding Iraq from pressure in the United Nations. Russia protected its business and domestic interests and at the same time it maintained that Russia still retained a key factor in the geopolitical game in the Middle East and the world as large.

This is how economics reflected on Russian foreign policy towards Saddam’s Iraq. In December 2001, Sergey Ordzhonikidze, Russian Deputy Foreign Minister, commented that Russia was “categorically against conducting a military operation in regards to Baghdad in the framework of the next phase in the fight against international terrorism.”<sup>264</sup> It is worth noting here that Russia had always showed anger and disenchantment at the perceived American-dominated world and political agenda. Paula J. Dobriansky showed how this relationship had taken a negative course over many contentious issues. She highlighted that the Russian-American relation had long term problems with the United States such as the Balkan crisis, the Middle East peace process, the notion of rogue states, ballistic missile defence deployment, Chechnya, etc. She claimed, “Russia’s economic

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<sup>263</sup> Washington Post, 28 November 2001.

<sup>264</sup> AFP, 21 December 2001.



demise has bred feelings of resentment and suspicion that the United States has deliberately undermined the Russian economy.” She argued that the economic plight of Russia today had been behind its anti-Americanism “Overall, Russia’s economic and political crises have been important factors pushing Moscow’s entire foreign policy agenda toward a much more anti-Western course.”<sup>265</sup>

According to her, most Russians stood against any unipolar moves from the United States and called instead for closer alliances with countries like China, German, Iran, Iraq, and France. Moscow would like to see a world of multipolarity, Dobriansky illustrated this by using an example from the Primakov era: “Primakov become foreign minister in January 1996. The notion of universal human values was discarded in exchange for the promotion of Russia’s national interest. Moscow’s new worldview came very close to resembling a rather crude and mechanistic “balance of power” concept. Alleged US hegemony, combined with Russia’s perilous domestic state, became Moscow’s major international problem for the twenty-first century.” She pointed “Russia’s preferred solution to US hegemony has been the promotion of multipolarity—the building of a grand coalition of several regional powers to confront and reduce US international preponderance. In Primakov’s vision, the imperative of offsetting US hegemony was so paramount that such countries as Russia, France, China, and even India which otherwise share divergent regional interests, might become members of a common anti-US front.”<sup>266</sup>

Russia’s policy toward rogue states was explained clearly by Dobriansky: “Another point, which Russian spokesmen tirelessly emphasize these days, is the need to resolve all international problems diplomatically rather than through the use of force.” However, she believes that it is much easier to see why Russian politicians prefer that approach: “Moscow’s policy prescription for dealing with rogue states become much easier to understand once one grasps that Russia is fundamentally disinterested in the promotion of international stability in the context of a US-led global system. In fact, the more friction and instability, up to a

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<sup>265</sup> Paula J. Dobriansky “Russian Foreign Policy: Promise or Peril?” The Washington Quarterly Winter 2000, p.136.

<sup>266</sup> Ibid., p.140.

certain point, plague the international system, the better it is for Moscow. In a perverse way, post-Communist Russia appears to have embraced essentially the same zero-sum, anti-US approach to international relations as its Soviet predecessors.”<sup>267</sup> Dobrinasky concluded: “It is probably inevitable that even a pro-US Russian government would be unable for years to come to ensure its country’s full compliance with international economic sanctions. To do so, the Russian government would be able to control the bureaucracy and the private sector through the rule of law.”<sup>268</sup>

Tareq Y. Ismael and Andrej Kreutz traced back the rebirth of Russia-Iraq relations to 1994 when Russia started “supporting Baghdad politically against the US-imposed punitive sanctions.”<sup>269</sup> Both acknowledged that prior to 1994, Russian-Iraqi relations was not promising due to more pro-American advisors surrounding president Yeltsin at the time. However this changed for a number of factors which they noted as being: “First, the Russian political elite was deeply disappointed by the lack of the expected generous economic help from the US and its allies, and their recognition of Russian interests in the former Soviet bloc area. Feeling rejected by the West- especially after the unsuccessful effort to block NATO expansion in East-Central Europe, Russian leaders started to look for alternatives to their previous pro-American foreign policy.” The second factor highlighted by them was that “Russia did not get any substantial financial help from the wealthy and pro-western Arab oil producing countries-particularly Saudi Arabia and Kuwait, and the return to the “radical” states such as Iraq and Libya, and in the 1990s also Iran, in fact became an economic necessity.” The third factor was that “Iraq’s strategic location at the Persian Gulf and its proximity to the former Soviet borders made this country too important to be ignored by any government in Moscow.”<sup>270</sup>

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<sup>267</sup> Ibid., p.141.

<sup>268</sup> Ibid., p.143.

<sup>269</sup> Tareq Y Ismael & Andrej Kreutz “Russian-Iraqi Relations: A Historical and Political Analysis” Arab Studies Quarterly Volume 23, Number 4, fall 2001, p.88.

<sup>270</sup> Ibid., p.94.



As a political outcome of all that, Russia started its own “agenda” by challenging the United States in the United Nations “The official Russian position on sanctions against Iraq also began to change. In June and July 1994 its representative in the Security Council, S. Lavrov started to argue that the Security Council should respond adequately to the positive steps which had been undertaken by Iraq and to weaken if not completely abolish the sanctions.”<sup>271</sup> That, in conjunction with subsequent Russian moves, did not please or help the United States in its war against Iraq. These Russian moves were detailed nicely by Tareq Y. Ismael and Andrej Kreutz: “In May 1995, the Russian Parliament-Duma adopted a Resolution calling for the removal of the oil embargo against Iraq... In April 1995 an intergovernmental agreement was concluded which provided for Russian drilling in the oilfields of West Qurna and North Rumaili for a total amount of 15 billion US dollars.” They added, “In March 1997 another major contract between the Iraqi company SKOP and a group of Russian companies was signed. It provided for the development of the second stage of the West Qurna oilfields, with extractive deposits of oil amounting to one billion tons. According to the estimations of the Iraqi experts, the profits of the Russian companies might be as high as 70 billion US dollars.”<sup>272</sup>

They saw the arrival of foreign minister Eugenii Primakov as an important event in Russian-Iraqi relations. They claimed rightly that: “For a number of geopolitical and economic reasons, Iraq had to become one of his priorities and in addition, he had long established personal links with that country. Between 1986 and 1970 he worked as a Soviet press correspondent in Baghdad and since then have had friendly relations with Saddam Hussein. As he admitted himself, he even mediated between him and the Kurdish nationalists. Primakov’s role as Gorbachev’s envoy during the Second Gulf War was also well remembered in Iraq and when he assumed the post of Russian Foreign Minister, this was welcomed there with great satisfaction.”<sup>273</sup>

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<sup>271</sup> Ibid., pp.95-96.

<sup>272</sup> Ibid., p.96.

<sup>273</sup> Ibid., pp.97-98.

Ismael and Kreutz pointed “since then Russia, together with some other states, especially France and China, created a kind of ‘pro-Iraqi lobby’ in the UN Security Council in order to weaken the sanctions and to constrain US action against that country.”<sup>274</sup> More moves towards improvements in relations took place from 1997 onwards. A joint Russian-Iraqi statement on 19 November 1997 confirmed that “On the basis of Iraq’s fulfilment of the relevant UN Security Council Resolutions, Russia....will energetically work for the earliest possible lifting of the sanctions against Iraq and, above all, for putting into effect point 22 of Resolution No.687....To this end, active steps will be taken to increase the effectiveness of the Special Commission’s work while showing respect for the sovereignty and security of Iraq.”<sup>275</sup> Russia, like France and China and the great majority of the other UN members, all used the US/UK attack of Iraqi targets in December 1998 to make clear their displeasure and frustration with US policy on Iraq. Just a day after the US/UK bombing, the Russian Parliament-Duma asked president Yeltsin to “get Russia out of participation in the sanctions against Iraq” and to “take all necessary means in order to re-establish fully normal economic and military-technological relations with Iraq.”<sup>276</sup>

Russia’s move towards self-assertiveness in its policy towards Iraq was clear with the economic success and profits they were making “Russian companies in fact got the most favourable treatment by the Iraqi authorities. Their share in exporting Iraqi oil during the first six stages of the “oil-for-food” programme, amounted to about 40% of the total volume of Iraqi oil exports. Russian companies also won first place due to the high volume of civil goods delivered to Iraq (about \$500 million US) and in 2000 all Iraq’s orders to Russia exceeded \$20 billion US”<sup>277</sup> The crucial economic ties continued to flourish: “In the first six months of 1999, Russian companies exported 43.0 percent of Iraqi oil which was allowed to be sold according to the UN “oil-for-food” program. And at least two of them, Lukoil and Slavneft, already have their offices in Baghdad. For Russia, whose won federal budget in 1999 amounted to only \$24 billion US, Iraq’s orders which

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<sup>274</sup> Ibid., p.98.

<sup>275</sup> Ibid., p.99.

<sup>276</sup> Ibid., pp.101-102.

<sup>277</sup> Ibid., p.102.



now exceed \$20 billion US are considered to be vital sources of income.”<sup>278</sup> Russian-Iraqi relations continued to improve during the Putin period where Tareq Y. Ismael and Andrej Kreutz noted, “The Iraqi case probably represents one of the few issues on which present Russian leaders are willing to openly and persistently disagree with the US and its allies.”<sup>279</sup> During this period, “members of the Duma began to form a Russian-Iraqi inter-parliamentary commission on bilateral cooperation. And there is a lively exchange of delegations between the two countries.”<sup>280</sup> In addition, continued support of Iraq in the UN and attempts to protect Iraq against any American military attack or invasion were focal points in the Russian foreign policy during the Putin period.

The success in relations between the two countries was clear when in mid August 2002 Iraq and Russia announced the finalization of what they called “the deal of the century” This new deal came amid US plans to attack Baghdad and overthrow Saddam’s regime. The plan was to fully implement this economic agreement in the coming five years. The total economic cooperation agreement was worth \$40 billion for projects in oil, electrical energy, chemical products, irrigation, railroad construction, and transportation.<sup>281</sup> Moreover, the tensions behind Russia and the US was highlighted even further during operation Iraqi Freedom of March 2003, when Bush telephoned the Russian president Vladimir Putin to protest Russian sales of high-tech military systems and weapons. The United States believed according to the White House as reported by Reuters that Russia had sold night-vision goggles, antitank missiles and global positioning system (GPS) jamming system to the Iraqi army. The White House even suggested that there were Russian technicians on the ground helping the Iraqi army operating these military systems.<sup>282</sup>

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<sup>278</sup> Ibid., p.107.

<sup>279</sup> Ibid., p.105.

<sup>280</sup> Ibid., p.106.

<sup>281</sup> Peter Baker “Russia, Iraq plan deals to bolster ties” Washington Post Saturday 17, 2002, p.A01.

<sup>282</sup> Reuters, 24 March 2003.

## 5.2.2 The sole superpower: the United States of America

**Table 5.10 United States of America trade with Iraq 1992-2003**

Year	Total Exports	Total Imports
1992	0.50	0.00
1993	4.00	0.00
1994	0.80	0.00
1995	0.20	0.00
1996	2.80	0.00
1997	82.00	311.90
1998	106.40	1,183.20
1999	9.50	4,226.40
2000	10.40	6,065.90
2001	46.20	5,820.30
2002	31.60	3,548.20
2003 (January-April)	15.50	2,435.50

Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch  
<http://landview.census.gov/foreign-trade/balance/c5050.html>

The United States is the world's largest oil importer: "The Americans are the No.1 consumers, burning up about a third of the oil on the market every day."<sup>283</sup> Basically, the American economic way of life is based on cheap fuel; big machines, big cars thus such an economy is depended on low oil prices and constantly stable and secure supply of oil. Many scholars concluded that the United States had always made special efforts in defending its vested interests in smoothly flowing oil supplies as well as the protection of crucial oil reserves even by using armed force.

During the oil for food deal period, Iraq was the sixth largest oil exporter to the United States. American oil companies bought 690 thousands barrel per day from Iraq, that is nearly half of what Iraq sold under the oil-for-food deal.<sup>284</sup> Al-Hayat Arabic Daily put the estimates of the daily amount of Iraqi oil exports to the United States at 780 thousand barrels per day in the year 2001, which was

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<sup>283</sup> Christopher Dickey "The Once & Future Petro King" Newsweek April 8/April 15 2002.

<sup>284</sup> Al-Jazeera.net, 28 February 2002.



equivalent to 4% of total imports,<sup>285</sup> while AFP puts United States oil imports from Iraq around 9% of total imports: “In 2001, the United States imported some 10.6 million barrels of oil per day—mainly from Canada, Saudi Arabia and Venezuela, although around nine percent came from Iraq, according to official figures.”<sup>286</sup> Al-Hayat indicated that this dealing continued and the amount of Iraqi oil imported by the United States reached up to 950 thousand barrels per day in January 2002.<sup>287</sup> Mark Tran wrote in the Guardian, a British newspaper: “President George Bush may demonize Iraq as part of an “axis of evil”, but that does not prevent the US from importing one million barrels of Iraqi oil a day.” He confirmed that Iraq ranks “the sixth largest supplier” of crude oil to the United States, and added: “Not too many Americans may know about US dependence on Iraqi oil.”<sup>288</sup> Iraqi oil continued to flow to the United States even in the months before the war. In January 2003 the United States doubled its imports of Iraqi oil to reach to two million barrels per day.<sup>289</sup>

Despite the widespread belief that American commercial contacts with Iraq had been non-existence, nine US major companies- Mobile, Conoco, Chevron, Occidental, Arco, Exxon, Texaco, Coastal, and Amoco established contact with Baghdad showing interest in investing in the development of Iraq’s various oil fields.<sup>290</sup> While many US subsidiaries who were stationed in Europe and the Middle East worked with Baghdad under the oil-for food deal. Many of whom won large contracts.

This had been, to a large extent, a hidden cutthroat competition between the EU, Asian, Arabs and US. The “oil-for-food” programme became the object of intense political and commercial competition. As stated previously the “oil-for-food” deal brought Saddam back to the international market and reestablished Iraq as major oil producer once again. With billions of dollars and crucial strategic influence at stake, the struggle for control over the vast, strategically important oil resources in

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<sup>285</sup> Al-Hayat, 14 April 2002, p.11.

<sup>286</sup> AFP, 18 April 2002.

<sup>287</sup> Al-Hayat (14 April 2002) Loc.Cit.

<sup>288</sup> Tran (16 April 2002) Loc.Cit.

<sup>289</sup> Al-Hayat 6 February 2003, p.11.

<sup>290</sup> Policy Watch Number 283 (1997), Loc.cit.

Iraq became the main goal. This proved to be a blunt economic and political weapon in the hand of Saddam.

The Iraqi leader-who was sitting atop the second largest oil reserves in the world after Saudi Arabia- had, in his wrangling with the UN and the United States, many times exploited his country's energy wealth by threatening to cut oil exports. On many occasions, he actually stopped the flow of Iraqi oil to world markets, leaving the world to wonder how to replace more than 2 million barrels per day and the United States questioning where it will find its supplies of 950 thousands barrels per day at short notice. This speculation, plus market fears coupled with the lingering Middle East Crisis between Israel and the Palestinians, pushed prices up despite the Saudi assurances that it would cover for Iraq oil in the market. For instance, Saddam Hussein suspended two million barrels per day (bpd) of Iraqi oil exports on April 8, 2002 for one month in political protest aimed at Israel's invasion of Palestinian areas on the West Bank threatening that he might extend the oil embargo even further if Israel did not "unconditionally withdraw from the Palestinian territories."<sup>291</sup> On that same day, oil rose to \$27 per barrel.<sup>292</sup> However at least until 25th April 2003, there was no extra oil coming from the Saudis, despite European and US demands for it,<sup>293</sup> and hopes of Saudi cover for the shortages in the market caused by Saddam's oil embargo were dashed. The EU and US oil majors, refineries, and economy started feeling the pinch of missing two millions barrels of oil per day from the world market and economy.

In its special issue on the future of Energy, Newsweek magazine acknowledged that:

Price increases still hurt us (the United States), and do serious harm to our trading partners, who are still far more dependent on foreign oil... Nations that spend far more of their GDP on oil, like China, South Korea or Thailand, pass those costs through to customers, so Americans pay more for everything from steel to TV sets.

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<sup>291</sup> Reuters, 8 April 2002.

<sup>292</sup> Ibid.

<sup>293</sup> Reuters, 25 April 2002.



A surge in Crude prices could cause gasoline prices to jump in the biggest oil consuming nations-the United States, Asia, and Europe-which would evidently have an effect on the sense of inflation among motorists at the gas pump, and in the long term could fall negatively on the overall economy especially in areas concerning consumer confidence, purchasing power, investment and income. This could result in a recession if the prices were to stay high for a while or no substitute for Iraqi oil was found.<sup>294</sup>

The importance of Iraqi oil to the US economy was further highlighted in the summer of 2001. When Iraq threatened to suspend its oil exports as part of its ongoing brinksmanship vis a vis the UN, "crude oil prices pushed up towards \$30 per barrel..."<sup>295</sup> When OPEC cut oil production the following month, President Bush commented, "The US economy is bumping along right now and a run-up of energy prices would hurt."<sup>296</sup> A news report around that time claimed that American oil suppliers were already buying 90% of Iraq's oil exports, which made the US the foremost customer of one of its most despised enemies.<sup>297</sup>

Not only oil was significant, but also jobs and the loss in commercial opportunities that was a result of sanctions. According to Stauffer, who wrote in the Middle East Policy Journal about the United States' costs of conflict in the Middle East region: "US sanctions on trade with Iran, Iraq, Libya and Syria, have cost the US currently some 80,000-100,000 jobs each year, although the figure is probably higher, notes Dr. Stauffer, because it does not reflect the lost opportunities for US farmers to export into the growing markets of the sanctioned countries."<sup>298</sup>

Despite the oil and commercial contracts, United States government did not have an embassy or a commercial attaché, like many EU countries and the rest of the world, in Baghdad. It also did not allow directly export to Iraq as many members

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<sup>294</sup> Emerson (2002) Loc.Cit.

<sup>295</sup> "Oil Nudges \$30 as Iraq Threatens Exports" Telegraph, [www.Telegraph.co.uk](http://www.Telegraph.co.uk), 12 June 2001.

<sup>296</sup> BBC, 25 July 2001.

<sup>297</sup> "Trading With the Enemy: US Refiners Reportedly Buying Most of Iraq's Oil" ABC News, 20 July 2001. [http://abcnews.go.com/sections/world/DailyNews/iraq010720\\_cooley.html](http://abcnews.go.com/sections/world/DailyNews/iraq010720_cooley.html)

<sup>298</sup> MEES, 3 March 2003, Vol.VLVI, No.9.

of the EU and the rest of the world did. However, it did retain an interest section in the Polish embassy in Baghdad, which was later closed during the Bush administration.

### 5.2.3 The Asian economies

Asian countries also found great interest in restarting ties with Baghdad, despite their geographical distance. India for example, whose trade volume with Iraq reached \$1 billion under the “oil-for-food” deal, had signed oil and gas deals with Iraq. An agreement was signed in July 2002 to boost bilateral economic ties especially in the oil and gas sector. India’s Oil Natural Gas Corporation had offices in Baghdad and was working on the Tuba field.<sup>299</sup> In 1999, the British Guardian revealed “India today became the first country to openly flout the nine-year-old economic embargo against Iraq when it agreed to a \$25m loan to help Baghdad to buy 1,000 Indian buses.” The Guardian noted that the Indian Minister of oil and gas who had signed the deal in Baghdad said publicly that he “was aware that the deal signed in Baghdad would violate UN sanctions, but declared his country would never allow a friend like Iraq to suffer.” declaring that India was ready to give Iraq “all the political, material and moral support” to win the battle over sanctions.<sup>300</sup>

Other key Asian states also looked for trade with Iraq. One such country was Indonesia. The Indonesian Mines and Energy Minister, Purnomo Yusgianto, signed an agreement with Iraq in Baghdad for oil exploration of Iraq’s Western Desert “an exploration block of an area 10,000 square km (3,861 sq mile), which may yield two or three oilfields when explored.”<sup>301</sup>

While during 1997-1998, China National Petroleum Corporation (CNPC) and China state-owned Norinco signed a deal with the Iraqi authorities for the development of the Al-Ahdab oil field that contains 180mt of oil and was producing 5mt annually. At the same time, CNPC also negotiated for developing

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<sup>299</sup> AP, 8 July 2002.

<sup>300</sup> Mark Tran “India busts Iraq sanctions” The Guardian, 29 July 1999

<sup>301</sup> Reuters, 23 April 2002.

the Halfyah oil field that was estimated to produce 18mt.<sup>302</sup> Sino-Iraqi trade relations went beyond just oil, it also involved the export of food, electromechanical equipment, communications, etc.

For example, according to Chinese Ministry of Foreign Affairs, the trade volume with Iraq was as follow:

**Table 5.11 China export/imports with Iraq, (unit: thousand US dollars), 1998-2000**

Year	1998	1999	2000
Exports	104,670	148,000	32,700
Imports	59,860	116,000	64,800
Total	164,530	263,000	97,500
Balance of trade	+44,810	+32,000	32,100

Source: China and Iraq: <http://www.fmprc.gov.cn/eng/4367.html>

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<sup>302</sup> Xiaojie xu "China and the Middle East: Cross-investment in the Energy Sector" Middle East Policy Journal Vol. VII, No.3, June 2000. [www.mepec.org/public.asp/journal\\_vol7/0006\\_xu.asp](http://www.mepec.org/public.asp/journal_vol7/0006_xu.asp)



## 5.2.4 Western European actors

Despite the fact that Greece, Spain, Belgium, Austria, Italy, and Finland all traded with Iraq during the sanctions era, the scope of this section in particular and the thesis in general does not permit me to detail every EU country's trade with Iraq. This section will chose the Netherlands, France, Germany and the United Kingdom as a sample example of the EU. The reasons for selecting these countries are 1) they are all large trading partners two with veto powers in the Security Council and some with major political and economic powers within the European Union. 2) The Netherlands was selected due to the author of this thesis privileged access and information as an advisor to Dutch companies and the EVD as well as no study on sanctions took a vital trading country like the Netherlands in their research. 3) Moreover, Chose France and Germany for their diplomatic and economic defiance to the US-Iraq policy of containment and multilateral sanctions. 4) And The United Kingdom for its unique relationship with the United States being its strongest ally, at the same time, they played a moderating role inside the UN Security Council trying to bridge the policy rifts across the Atlantic (which will be illustrated in this chapter and chapter seven) as well as some of its companies traded with Baghdad.

The sections will show how these key European nations traded and promoted trade with Iraq during the era of sanctions. However, before attempting to do that, the section will highlight an important background behind the difference in interests and perceptions between key EU states and the United States on the use of sanctions. This will help understanding of why key EU states actually traded with, diplomatically engaged, and negotiated with Baghdad during the era of economic sanctions.

### **5.2.4.1 Differences of perception and interests between Europe and the United States**

The policy rifts between the powers across the Atlantic intensified the clash of interests, and Iraq became the best ground for Europeans, Russia and the United States to express and highlight their differences and make their political and economic gains.

There were many factors behind America's failure diplomatically to secure a measure of international and regional support for the containing Saddam effectively. These disagreements stemmed from strategic (the Middle East conflict and the fear of the risk for the moderate Arab governments) and political (the independent EU foreign policy stance and the question of the future of Iraq which caused huge anxiety for the Europeans and the Arabs alike) reasons, but the economic factor helps explain the public positions taken by these countries which had tied themselves to many lucrative oil and re-construction contracts with Iraq. In addition to a potential damage to these countries' national interests, there were also fears concerning rises in oil prices if the US should invade Iraq. Economic and commercial ties would thus appear to have played a major factor behind the international support against a regime change in Baghdad.

The sense of divergence in interests and vision was highlighted clearly in an article in *The Economist*: "Anti-Americanism in Europe is not new. Nor, during the long cold war, were rows across the Atlantic unusual. But what Europeans are now seeing is what they regard as a new kind of 'anti-Europeanism' in Washington. Articles by George Will and Charles Krauthammer, two influential American commentators, arguing that European hostility to Israel revealed the continent to be in the grip of rampant anti-Semitism, outraged policymakers in Europe. Scarcely less comforting are jibes from right-wing Republicans about 'euro-weenies' or articles like one by Walter Russell Mead, of the Council on Foreign Relations in New York, arguing that 'Americans just don't trust Europe's political judgment. Appeasement is its second nature. Europeans have never met a

leader—Hitler, Mussolini, Stalin, Qaddafi, Khomeini, Saddam Hussein—they didn't think could be softened up by concessions.”<sup>303</sup>

“Anti-European sentiment in America is not new,” declares William Wallace and Jan Zielonka. They added: “The United States was built by immigrants who shook off the disappointments of the old world for the hope of the new. Businessmen and politicians in late-nineteenth-century America believed they represented the vigorous future, Europe the enfeebled past. In the two world wars Americans saw themselves as sailing across the Atlantic to sort out European quarrels that the European were incapable of resolving among themselves.” They pointed that “After 1945, the American prescription for Europe was to make it “more like us”: to build a United States of Europe that would become America's loyal partner within a broader Western alliance. In the years since, American disappointment at Europe's unwillingness to accept US leadership unconditionally has fluctuated between despair over European political incoherence and fear that the European allies might agree on a framework for integration different from what Washington has prescribed.” They stressed that: “Just as European anti-Americanism damaged Western solidarity during the Cold War, so American Eurobashing threatens to unravel transatlantic cooperation in the post-Cold War era.” They warn that this “risks alienating America's most important allies.”<sup>304</sup>

Richard Perle, a Pentagon adviser on Iraq, “launched an extraordinary tirade against Europe which he accused of losing its moral direction and providing succour to Saddam Hussein,” the Guardian reported. In an interview with the Guardian, Perle said, “I think Europe has lost its moral compass.” Taken the Germans as an example, Perle claimed, “Germany has subsided into moral numbing pacifism. For the German Chancellor to say he will have nothing to do with action against Saddam Hussein, even if approved by the United Nations, is unilateralism.”<sup>305</sup>

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<sup>303</sup> “Europe and the United States” The Economist, 8 August 2002.

<sup>304</sup> William Wallace & Jan Zielonka “Misunderstanding Europe” Foreign Affairs November/December 1998, p.65-66.

<sup>305</sup> Edward Pilkington & Ewen MacAskill “Europe Lacks Moral Fibre, Says US Hawk” The Guardian, 13 November 2002.



In a sense, this had to be looked at from another angle. The United States is the sole superpower. It remains the most important country militarily and within the current international economic system. World security is a vital national interest for the United States. In contrast, the European Union is a recently formed economic block that still needs to form a united political goals and foreign policy outlook. Its concerns remained focused solely on the economic side. This did not match precisely with United States world vision and strategy especially after 9/11.

At the base of all, the European countries adopt a strategy of engagement, of non-isolation and of dialogue rather than punitive economic sanctions and isolation. They had followed this with every “problematic country” such as Iran, North Korea, Iraq, China, Libya and Cuba. Richard Haass and Meghan O’Sullivan defined the strategy of engagement as “a foreign policy strategy that depends to a significant degree on positive incentives to achieve its objectives.” Both authors agreed that: “the distinguishing feature of engagement strategies is their reliance on the extension provision of incentives to shape the behaviour of countries.” They added: “The ongoing sanctions debate has exposed the drawbacks of relying on economic coercion, particularly when exerted unilaterally, as the primary instrument of foreign policy. Although there is still a range of opinion about the efficacy of sanctions and the frequency with which they should be used, some broad areas of consensus have emerged. Sanctions almost always result in some economic hardship, but this impact is often insufficient or unable to force the desired political change in the target country. Moreover, sanctions can be costly for innocent bystanders, particularly the poorest in the target country and American businesses and commercial interests. In addition, sanctions often evoke unintended consequences, such as the strengthening of obnoxious regimes. Given these findings, there is increasing recognition that reliance solely on punitive tools like sanctions rarely constitutes an effective foreign policy strategy. This growing awareness has been behind calls to explore more nuanced foreign policy strategies that, while possibly having a sanctions component, are not entirely dependent upon it for achieving US objectives.”

Richard Haass and Meghan O'Sullivan pointed out two other important factors that showed why punishment alone was not enough in dealing with problematic countries: "just as the efficacy of sanctions has been questioned, the limits of military force have been exposed. Although military action will remain an essential foreign policy tool, its application is expensive and by no means certain of achieving its goals. Even in the face of overwhelming American military and technological superiority, recalcitrant regimes such as Iraq's Saddam Hussein have displayed the capacity to withstand military attack for surprisingly long periods of time." They stressed: "the changing nature of post-cold war world threats makes them increasingly ill suited to being managed by strategies based on punishment alone. Threats from proliferation of weapons of mass destruction, terrorism, and ethnic conflict increasingly occupy the attention of those concerned with national security and global stability. One may argue that the United States can address these issues by using sanctions to isolate and weaken regimes that sponsor and support offensive behaviour as it has done in the past. However, quite possibly, insecure regimes are more likely to pose these sorts of threats to America and the international system; if so, then policies that destabilize and ostracize countries can be expected to exacerbate problems, not mitigate them." Most significantly, they pointed out: "within the last decade, many of America's closest allies in Europe have revealed a preference for using incentives, rather than punitive actions, to achieve foreign policy goals."<sup>306</sup>

Also on this matter Alexander L. George, noted: "Many students of international relations have noted that the failure of the western powers to thwart the early aggressive moves of Japan and Hitler's Germany in the 1930s had a profound impact on subsequent American foreign policy attitudes. The lesson of Chamberlain's abortive effort to appease Hitler at Munich in 1938 has been deeply etched in the consciousness of successive generations of policymakers and foreign policy specialists. There is ample evidence that on numerous occasions

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<sup>306</sup> Richard N. Haass & Meghan L. O'Sullivan (eds.) Honey and Vinegar: Incentives, Sanctions, and Foreign Policy (Brookings Institution Press, 2000), pp.2-3.

since the end of World War II American policymakers have been influenced by the simple proposition 'If appeasement, then World War III.'"<sup>307</sup>

George asserted: " 'Appeasement' became such an invidious phenomenon that little effort was made by policymakers and scholars alike to differentiate between those special conditions under which appeasement was indeed a misguided and dangerous policy and other conditions when it could eliminate the sources of conflict and the possibility of war with another state."<sup>308</sup> It is worth mentioning here, however, that it was entirely probable that with such a dictatorial-aggressive- expansionist mind set as that of Saddam, appeasement alone would not have worked.

A congressional briefing in the United States by four leading think tanks on the EU perspectives on "difficult regimes" in the Middle East concluded that the Europeans:

Distinguish between the goal of ending Iraq's WMD programs, which they support, and the goal of changing the Iraqi regime, which they see as quite different and perhaps not essential for the control of WMD. They do not advocate military operations to depose Saddam Hussein at present and warn the US threats to do so all but preclude the possibility of Iraqi cooperation with the sanctions/inspections policy approved by the United Nations. European also worry that an attack on Iraq could have a detrimental impact on stability in the region...Europe has significant economic interests in Iraq, though US policymakers tend to misjudge the magnitude of such interests. By way of example, The Wall Street Journal and the Heritage Foundation report that the single largest consumer of Iraqi products is in fact the United States, which receives 56.4% of Iraqi exports. Together, the two largest European consumers of Iraqi products (the Netherlands and France) receive only 19.9% of Iraqi exports...Europeans have

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<sup>307</sup> Alexander L. George Bridging the Gap: Theory & Practice in Foreign Policy (United States Institute of Peace Press, 1998), pp. 61-62.

<sup>308</sup> Ibid., p.62.



generally followed a policy of engagement with the difficult regimes of the Gulf, ranging from an easing of economic restrictions on trade with Iraq.<sup>309</sup>

Roberson acknowledged that European countries and the United States had great differences in perception, interest and strategy when it came to the Middle East:

Europe's interests in regional stability overlaps with that of the United States, and where differences exist, they are matters of priorities and tactics. The United States tends to deal with the region as a global power with global interests, while Europe, with its limited power capability, has a less expansive view of its interests and needs. While the United States divided the region into enemies and allies, Europe seeks relations with all states in the region. While the United States had, in the 1990s, moved away from an "even-handed" approach to the peace process, Europe believes a stable peace requires the formation of a Palestinian state with East Jerusalem as its capital. (Whilst initially supporting sanctions on Iraq, Europe) increasingly became disillusioned with their effectiveness and chafed against them.<sup>310</sup>

Robert Kagan confirmed that fact more boldly: "It is time to stop pretending that Europeans and Americans share a common view of the world, or even that they occupy the same world. On the all-important question of power—the efficacy of power, the morality of power, the desirability of power—American and European perspectives are diverging. Europe is turning away from power, or to put it a little differently, it is moving beyond power into a self-contained world of laws and rules and transnational negotiation and cooperation."<sup>311</sup> Kagan added "When it comes to setting national priorities, determining threats, defining challenges, and

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<sup>309</sup> Policy Brief #4 From a June 22, 2002 Congressional Staff Briefing on "US Challenges and Choices in the Gulf: European Perspectives," jointly sponsored by: The Atlantic Council of the United States, The Middle East Institute, The Middle East Policy Council, and the Stanley Foundation

<sup>310</sup> B.A. Roberson "The Impact of the International System on the Middle East" in Raymond Hinnebusch & Anoushiravan Ehteshami, (eds.) The Foreign Policies of Middle East States (Lynne Rienner, 2002), p.61.

<sup>311</sup> Robert Kagan Paradise & Power: America and Europe in the new world order (Atlantic Books, 2003), p.3.

fashioning and implementing foreign and defence policies, the United States and Europe have parted ways.”<sup>312</sup> He asserted: “More and more over the past decade, the United States and its European allies have has rather substantial disagreements over what constitute intolerable threats to international security and the world order, as the case of Iraq has abundantly shown.”<sup>313</sup> The Iraq issue created major rift in EU-American relations because Europeans, according to Kagan, saw Saddam as an “American problem.” He stated: “The vast majority of Europeans always believed that the threat posed by Saddam Hussein was more tolerable than the risk of removing him. But Americans, being stronger, developed a lower threshold of tolerance for Saddam and his weapons of mass destruction, especially after September 11.”<sup>314</sup>

A typical example that showed how policy differences concerning economic and political interests played to dismantle the United Nations Special Commission (UNSCOM) in charge of unearthing and destroying Iraq’s weapons of mass destructions can be seen from how the Security Council and especially the Iraqi lobby in it tried to influence its work.

Many had accused Iraqi obstruction to be the main if not the only factor that complicated the full implementation of UNSCOM’s mandate. However, key EU states, the Russians, the Chinese, and the Arab countries all played a pivotal role in the eventual collapse of UNSCOM. The large economic and commercial interests of these states that were entangled with the Iraqi regime increased the lack of political support for US military action to punish Iraq for its intransigence against UNSCOM, which contributed eventually to the defeat of UNSCOM by Iraq.

As Richard Butler, chairman of the United Nations Special Commission to disarm Iraq (UNSCOM), gave his insight and showed, that even in the heart of the Security Council itself, Iraq managed through trade and oil to gain powerful supporters, which helped Iraq to get away with consequential breaches of UN

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<sup>312</sup> Ibid., p.4.

<sup>313</sup> Ibid., p.29.

<sup>314</sup> Ibid., p.31.

Resolutions. Butler concluded that Iraqi policy of undermining the work and then the destruction of UNSCOM was given a boost by Security Council divisions and its adamant insistence to a diplomatic solution to Saddam's defiance. The Council failed to focus on Iraqi non-compliance with UN arms inspectors: instead, the supporters of Iraq at the UN pushed for more concessions on the sanctions regime.

Taking the Russians as a case in point, Richard Butler clearly stated how permanent members of the Security Council defended Iraq's interests and their own narrow national interests by trying to impede and re-write the original aim and work of UNSCOM in order to speed the lifting of the economic sanctions on Iraq: "Primakov (Russia Foreign Minister) began, declaring that 'Russia wants the Iraq problem solved.' He saw UNSCOM as having a key role to play in achieving this objective-by finishing its disarmament work as soon as possible. For this purpose, it should consider new criteria for judging Iraq's compliance with the law. 'You mustn't be rigid,' he urged. 'You must be more flexible, more understanding.' The onus of proof, he made clear, was as great upon UNSCOM as upon Iraq- If not greater."<sup>315</sup> The Russians ignored Iraq's concealment activities and started instead applying enormous pressure on Butler and his arms inspection team. Butler recalled one of the meetings in the UN, where a Russian official attacked UNSCOM, arguing that: "Iraq was substantially disarmed and that many of the concerns raised in the briefing by the UNSCOM experts were illusory. He went on to present an interpretation of the data that involved ignoring some facts, distorting others, and dismissing still others as unimportant, all of it adding up to an argument in favour of giving Iraq a clean bill of health and winding up UNSCOM's disarmament work."<sup>316</sup>

Butler convincingly showed that vigorous support for Saddam existed and intensified against UNSCOM from countries like Russia, France and, to some extent, China. Instead of forcing Iraq to comply with UNSCOM, these states started to accommodate Iraqi belligerence and tried to appease the Iraqi dictator. Butler stated that: "Russia, France, and China-now joined by Malaysia as a newly elected non-permanent member- hardened their positions in support of Iraq. In

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<sup>315</sup> Butler, Op.Cit. pp 117-118.

<sup>316</sup> Ibid., p.120.



their belief, Iraq had been subjected to misbehaviour (including spying) by UNSCOM and to illegal aggression by the United States and the United Kingdom.”<sup>317</sup>

As for the French position, Butler wrote from his first-hand experience with the French Foreign Ministry, and particularly with Jean de Glinasty, the head of the division responsible for France's relations with the United Nations: “De Glinasty advanced a single French position: Of the choices available, it would be better to continue some arms-control monitoring in Iraq without sanctions rather than to retain sanctions with no monitoring. This reflected a profound policy difference between France and the United States. Paris believed Washington's policy had two goals: the maintenance of sanctions and, ultimately, the removal of Saddam Hussein. On the former, France sought the removal of sanctions for economic reasons; on the latter, France doubted Saddam could be removed by other than natural means. Since these two elements of US policy were connected-sanctions would remain in place as long as Saddam Hussein remained in power- US policy looked dismal to France. France's view ignored the clarification the United States had given about implementation of sanctions' removal, if Iraq was properly disarmed.”<sup>318</sup> He added: “France, I feared, would have been content with a monitoring system that was less than robust. In fact, the government of Jacques Chirac was edging toward a position where it assessed Iraq as having been substantially disarmed and certainly posing no threat to France.” Butler stressed: “France thus argued that a monitoring system that guaranteed some degree of continuing international vigilance over Iraq would be sufficient and that the benefits of removing sanctions and normalizing relations with Iraq would outweigh any deficiencies in the monitoring.”<sup>319</sup>

The French pro-Iraqi policy- while stemming from commercial and arms deals interests with Saddam, which goes back to when Saddam was a Vice President in the early 70's then met in Baghdad with French Prime Minister Chirac and discussed arms and nuclear reactor deals- at the UN and in Europe came from

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<sup>317</sup> Ibid., pp.229-230.

<sup>318</sup> Ibid., pp.214-215.

<sup>319</sup> Ibid.

many factors. It is widely known among students of international relations that ever since General de Gaulle, France had stood against a world dominated by the United States and, to some extent, the United Kingdom. In other words, against a world that represented solely a purely Anglo-Saxon model and culture. Thus France fought for a multi-polar world that would limit American supremacy after the collapse of communism. Iraq and the case of international economic sanctions, coupled with the issue of disarmament imposed by the Security Council after the Second Gulf War, allowed France to play a key role in advancing such multi-polar world model and encouraged it to defy the Anglo-Saxon model and norms in world politics.

For instance, the French Foreign Minister, Hubert Vedrine's own assessment of the role of the United States in the post-cold war era and the interlinked issues of globalisation were very obvious in his book: "let's admit it: globalization does not automatically benefit France. Globalization develops according to principles that correspond neither to French tradition nor to French culture: the ultraliberal market economy, mistrust of the state, individualism removed from the republican tradition, the inevitable reinforcement of the universal and "indispensable" role of the United States, common law, the English language, Anglo-Saxon norms, and Protestant—more than Catholic—concepts. Historically, French identity has been defined by and built upon a strong central state, first monarchical, and then republican. It was painstakingly built by jurists and based on the idea that France had a specific political, legal, and cultural role to play in the world."<sup>320</sup>

Tim Trevan, a British expert on biological warfare and strategist and spokesman for UNSCOM, described how the world community backed down and was reluctant in dealing with Saddam forcefully in support of UNSCOM, thus rendering the whole UN inspection team ineffective: "it was the inaction of the Security Council in the autumn of 1997 and again in the spring and summer of 1998, the failure of political will to enforce the very law it had itself enacted (the ceasefire Resolution), that undermined the effectiveness of UNSCOM. In early

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<sup>320</sup> Hubert Vedrine & Dominique Moisi France in an Age of Globalization (Brookings Institution Press, 2001), p.17-18.

1999, it is again failing.”<sup>321</sup> Trevan drew a parallel between the inaction of the international community to Nazi Germany and the reluctance with Iraq. “The Inter-Allied Commission of Control, established by the Versailles Treaty to oversee Germany’s disarmament after the First World War, operated for seven years and eight months before Hitler’s regime kicked them out. There was the merest of whimpers from the world community then. UNSCOM lasted seven years and six months before Saddam’s regime kicked out the intrusive inspections. The world’s reaction was reluctantly to accept a British Resolution suspending reviews of sanctions against Iraq until it resumed ‘cooperation’. Seven years and eight months into UNSCOM’s operations, and Iraq announced the end of all ‘cooperation’, even on monitoring. The parallels are staggering. The Council has not heeded Francis Drake’s words—‘the continuing unto it be thoroughly finished yields true glory’.”<sup>322</sup>

The international community’s commercial and political interests overshadowed the work of the inspectors and discouraged full Iraqi compliance. Iraq reassessed its situation with UNSCOM, and decided to cease its cooperation with the UN inspection mission unless UNSCOM closed the chemical, nuclear and missile files, and unless the Security Council lifted what remained of the economic sanctions. Iraq was using the UNSCOM saga to further weaken the US, divide the Council, and erode what fully remained of the sanctions. That is what encouraged Iraq to reject a UN Resolution adopted in December 1999, calling for the suspension of UN sanctions if it allowed the inspectors to return. “Realpolitik was also coming into play. Russia and France were massive creditors of Iraq and were looking forward to the day when Iraqi oil flowed to provide funds to pay Iraq’s debts. French and Russian oil companies had also pencilled in lucrative contracts to exploit major oil fields in Iraq once the sanctions were lifted. Russia’s entire stance towards the West and the US would also change in mid-1994. It would no longer automatically fall into line with the US position, seeking rather to re-

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<sup>321</sup> Tim Trevan Saddam’s Secrets: The Hunt for Iraq’s Hidden Weapons (HarperCollins, 1999), p.384.

<sup>322</sup> Ibid., p.385.



establish its independent place at the top table. At times it seemed that Russia was opposing the US just for the sake of it.”<sup>323</sup>

In December 1998, Iraq declared that UNSCOM in its then current configuration was dead, and that they would never be allowed to enter back into Iraq, accusing its members of spying and undermining Iraq’s national integrity. Ever since that time, the UN and the US tried to reach a compromise that would be acceptable to Iraq and its supporters. After years of haggling in the UN, Security Council Resolution 1284 was passed. Iraq immediately rejected that Resolution, calling it a sham. A stalemate evolved on Iraq at the UN.

Resolution 1284 was a compromise that offered Iraq the possibility of having what remained of UN sanctions suspended by fully cooperating with the new arms inspectors or the UN Monitoring, Verification and Inspection Commission (UNMOVIC). Iraq defied this new UN compromise, despite the fact that the terms of inspection in that Resolution had been eased to please Iraq. Saddam’s regime refused, and effectively demanded an immediate and unconditional suspension of the sanctions regime, arguing that it had disarmed as required by the Security Council. It was a telling blow to the future of the sanctions policy and even to the new world order proposed by Bush Senior after the collapse of the Soviet Union. The international community supported the case of Iraq, and thus the stalemate continued at the UN. It was becoming clear that there was no longer a sufficient international consensus to maintain anything like a comprehensive economic blockade of Iraq.

Even though Iraq was in clear breach of UN Resolutions, this did not prevent the world from trading and negotiating with Iraq. While the US and the UK tended to favour responding to non-compliance with punitive air strikes and bomb attacks against suspected weapons installations, the international community as a whole was critical of such aggression and preferred instead to negotiate with Saddam’s regime. The chief consequence of this preference was that the “oil-for-food” programme was continuously renewed, amended, relaxed and further

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<sup>323</sup> Ibid., p.256.

compromised to the advantage of the Iraqi regime and the trading partners. In addition, Saddam continued to smuggle oil and forbidden goods behind the UN's back.

Nevertheless, in 2000, UN Resolution 1330 eliminated the revenue ceiling on Iraqi oil sales. In addition, the Security Council doubled the spending for oil sector spare parts and equipment, allowing Iraq to spend up to 600 million dollars every six months on repairing its damaged oil facilities. This further concession only encouraged Saddam to continue his defiance of UN inspections mandate for four complete years.

Having highlighted the conflicting perceptions between key European powers and the sole superpower in an important issue such as economic sanctions, the next section proceeds to detail the trade and political relations between Iraq and key EU states.

## 5.2.4.2 The Netherlands

**Table 5.12 The Netherlands trade with Iraq, 1996-1999**

Year	1996	1997	1998	1999 (Jan-Sep)
Exports (DFI million)	0.3	24.5	47.6	55.4
Imports (DFI million)	0.1	338.7	931.8	1,403.6

Source: Special report Netherlands, MEED 26 May 2000, p. 30.

1 DFI=0.495845USD 1USD=2.01676 DFI

**Table 5.13 Handelcijfers Nederland- Irak 1999-2002 (The Netherlands trade with Iraq 1999-2002) (x 1000.000 euro)**

Year	1999	2000	2001	2002
Exports	39,9	35,2	36,8	31,5
Imports	968,2	676,4	888,4	622,8

Source: EVD-Information (The Netherlands Foreign Trade Agency),

<http://www.evd.nl/zoeken/ShowBouwsteen.asp?bstnum=75272>

A brief examination of the way that the oil-for-food deal dynamics affected decision-making in the Netherlands serves nicely as a typical example of the kind of thing that had been going on in most of the major European countries over the period of the oil-for-food deal. Dutch companies were lining up, applying strong pressure on the government for negotiations and a reduction of sanctions, and it was readily apparent to the economic ministries that business in other countries like France, Germany, Italy, Belgium, Denmark, Finland, Sweden, Spain, Austria, South Africa, China, Russia and Turkey were getting profitable commercial contracts under the oil-for-food programme. It made little sense to simply stand by and let others take advantage while Dutch companies suffered. Thus, even while the foreign ministry tended to pay lip service to the line of policy preferred by the Americans, the government also supported negotiations with Iraq and the progressive expansion of the oil-for-food deal. At one point (March 2001), five Dutch chambers of commerce held a joint meeting to debate the sanctions policy



and to inform their eager companies about how to do and best promote business with Iraq under the programme.

More than 90 Dutch companies of all types registered in the programme, and in addition there were representatives from the Dutch ministry of Foreign Affairs, and two companies set up programmes to share information about their experiences in doing business with Iraq in order to encourage and assist the other companies waiting in line. In that meeting, the Iraqi Charge des affairs in the Netherlands gave a speech to the companies assuring them of Baghdad's eagerness and delight to work and trade with the Netherlands. This was so important that it drew the attention of the Kuwaiti Embassy in the Netherlands, who sent an official to watch and hear how Iraq was effectively penetrating inside major Dutch and multinational companies.<sup>324</sup>

This kind of conference was repeated in March 2002 and summer 2002- ignoring the risk of American threats of an attack to overthrow Saddam's regime- and was espoused by the EVD (Netherlands Foreign Trade Agency) and number of chambers of commerce, who had gathered in the harbor city of Rotterdam.

Moreover, in April 2002, the Dutch ministry of Foreign Affairs officially dispatched a Dutch official to be in charge of Dutch affairs (mainly business and trade) and to be stationed in Baghdad. Instructions was given for him to promote Dutch business and trade in co-ordination with the EVD, Foreign Affairs, the Dutch Embassy in Amman, and the various chambers of commerce. The decision came after more than a year of reports coming in from the Dutch Embassy in Amman to the EVD and Foreign Affairs in The Hague that Dutch companies were underrepresented in the Iraqi market compared to other European and other countries. The Dutch business community had been pushing and lobbying their government to open the Dutch embassy in Baghdad to protect Dutch economic and commercial interests and support Dutch businesses in Iraq.<sup>325</sup>

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<sup>324</sup> Key organizer from the EVD of the Dutch businesses meeting for Iraq, private interview with author, The Netherlands, March 2001.

<sup>325</sup> EVD Middle East-desk Information Manager, private interview with author, The Netherlands, April 2002.

The Netherlands also participated in the International Baghdad trade fair of November 2002, which lasted from 1<sup>st</sup> November till the 10<sup>th</sup>, and unlike previously the Dutch companies hired a wing at the fair grounds and displayed their products.<sup>326</sup>

It is only natural that The Netherlands, which prides itself on being a pro-business nation, derived from its glorious past as a great merchant, traders and foreign investors nation, and where big Dutch multinationals and banks are today such as Philips, Aegon, Ahold, Shell, KPN, Corus, Draka, DSM, Axzo Nobil, Unilever, ABN-AMRO, Rabobank and ING, was unable to easily turn a blind eye on a huge market such as Iraq. Thus, nobody in the business community seemed to have any particular scruples about doing business with “the butcher of Baghdad”. A Dutch businessman, who wished to remain anonymous, once said to the author, “I really don’t care if Hitler or Saddam rules Iraq. I have a clear task: to maximize my company’s business, preferably in new markets. I am only answerable to my CEO and the shareholders, not to the foreign ministry in Washington. The sanctions walls are breaking and we should use this opportunity to get the handcuffs off of ourselves and embrace it. Politicians is a job; let them do there job, business is my job and I should have the freedom to function my enterprise in the most efficient way. We have to push for the breakthrough first. Later on, the political will come to support it.”<sup>327</sup>

A Dutch chamber of commerce distributed a letter to Dutch companies in August 2001, encouraging them to participate that November in a two week Baghdad International Trade Fair. The letter informed companies that they had a chance to grasp important opportunities similar to those already secured by companies from other European states. The letter referred openly to Belgium, Germany, France, Russia and Italy as countries that had already benefited from re-engaging in relations with Iraq.<sup>328</sup> A Dutch exports manager told the chamber of commerce once “If you were to send us to Iraq, send us like the French and the Turkish do.

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<sup>326</sup> Dutch businessmen, private interview with author, The Netherlands, December 2002.

<sup>327</sup> Dutch Executive Manager of a major multinational company, private interview with author, The Netherlands, May 2001.

<sup>328</sup> Letter of invitation (in Dutch) sent to me and others to stimulate businesses to participate in the annual Baghdad trade fair. Send by the Rotterdam Kamer van Koophandel (Rotterdam Chamber of Commerce), August 2001.

They go with airplanes, send us also with airplanes. There is no point for the air ban if you accept to do business with that country.”<sup>329</sup>

Obviously, all of this potential business had been contingent on making deals with the Iraqi government and then getting the sanctions lifted in order to take advantage of the opportunities. With respect to arranging deals Saddam profited by completely subordinating business policy to his political imperatives. Companies from ‘friendly’ countries were given priority with respect to major contracts, while companies from less helpful countries saw the lion’s share of opportunities in Iraq going to their competitors. As successful companies stayed successful by making sure that they were not left out when there was a great deal of profit to be made, it is hardly surprising that the Iraqi policy had born much fruit. The Dutch saw that the world was making business with Iraq. An EVD official told the author: “Really everyone is doing it. It’s all legal, as it is under the “oil-for-food” deal. I care about our business and companies, especially those who are just starting their businesses. Our small enterprises, young people who are fighting to win emerging markets and make descent living. The food, agriculture, industrial sectors, I want to see them gain and succeed, not lose. Iraq is re-emerging, it went through years of underdevelopment, and by nature we are a trading nation that ventures internationally. Iraq has the projects, and we have the chance to make money. Our business community, especially those who are just starting; should have the support and protection from the Dutch government to make their success a reality.”<sup>330</sup>

Radio Netherlands website featured an article on the Netherlands dealings with Iraq. The article pointed “Each year, some 300 Dutch companies receive authorization to conduct trade with Iraq. The number has been stable for years and remains virtually unaffected by the current threat or war, according to figures provided by Dutch customs.” The article then mentioned a Dutch company (Hyva hydraulics) that was trading with Iraq for many years “For many years the company has been engaged in trade with Iraq and director Jaap Vanndrager is not

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<sup>329</sup> Dutch Export Manager of a leading Dutch company, private interview with author, the Netherlands, May 2001.

<sup>330</sup> EVD Middle East-desk Information Manager, private interview with author, The Netherlands, March 2002.



prepared to give it all up because of the threat of war. He says Hyva has never struck any deals with Saddam Hussein; it deals directly with the Iraq people on a business-to-business level. In Mr Vaandrager's view, Iraq offers huge opportunities for Dutch exporting companies who could clinch contracts totaling many hundreds of billions of euros." The article added that despite war was looming over Iraq "Dutch companies keen to trade with Iraq do not seem to care much about the imminent war. Indeed, a Dutch trade delegation is scheduled to go to Iraq in May. Headed by Jaap Vaandrager, the mission aims to win more business contracts."<sup>331</sup>

The Netherlands is trading nation, and the world around it was trading with Iraq freely, with competitors companies making profits. Therefore, it was only natural for the Netherlands not to sit and watch an important market fall away from its hands as its companies being disadvantaged economically. Thus the drive to participate in the international momentum to trade with Iraq occurred.

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<sup>331</sup> Matthijs Nieuwenhuis "Dutch trade with Iraq remains stable" Radio Netherlands Wereldomroep, 7 March 2003. <http://www.rnw.nl/hotspots/html/dut030307.html>

5.2.4.3 France

Table 5.14 France trade with Iraq, 1996-1H 1999

Imports (€ million)			
1996	1997	1998	1H 1999
0	469	663	290
Exports (€ million)			
1996	1997	1998	1H 1999
3	210	250	111

Source: Special report France, MEED 22 October 1999, p. 8.  
1 Euro=1.09270USD    1USD=0.915166 Euro

The Netherlands was not the only UN member to take advantage of the oil-for-food programme and sign contracts with Iraq. As of summer 2002, French companies had signed more than \$3 billion worth of deals since 1996.<sup>332</sup>

According to another source, France's total trade with Iraq from 1996 until the end of phase 11 of the oil-for-food deal reached \$3 billion and \$800 million. By that trade value, France became the first European country among the EU countries to reach to such a level in trade with Iraq since the start of the economic sanctions in 1991.<sup>333</sup> French exports to Iraq during 2000-2001 went up by 66.4% from 396 to 659 million Euros, while Iraq continued to supply France with Iraqi oil. Hence, that in the year 2000 France imports of Iraq's oil reached 1,435 billion Euros.<sup>334</sup> At the same time, visits between the two countries' businessmen and officials never stopped. The last was the visit by Iraq's trade minister to Paris where he met with 80 businessmen of many leading French companies.<sup>335</sup> French companies also participated in all the annual Baghdad trade fair: for instance, 90

<sup>332</sup> International Herald Tribune, 4 July 2001.  
<sup>333</sup> Al-Jazeera.net, 23 March 2002.  
<sup>334</sup> Al-Jazeera.net, 2 July 2002.  
<sup>335</sup> Ibid.

companies participated in the November 2001 fair, and 81 companies took part in the November 2002 trade fair.<sup>336</sup>

Perhaps the fiercest of diplomatic and economic clashes happened between America and France. These differences in interests and vision can be attributed to General Charles de Gaulle, who established France's independent foreign policy and national interests, which clashed with that of the United States. Dominique Moisi wrote in *Foreign Affairs*:

To Americans, France is a beautiful country, home to that most elegant of cities, Paris the seductive tones of the French language, and some of the world's finest wines, which makes it all the more difficult for them to understand how such a charming nation could be so irritating an ally. The French always seem to be opposing the United States on some issue or other, whether it is in the realm of international diplomacy, where between the lines of France's carefully worded diplomatic statements one can discern a distinct distaste for America's oft-proclaimed sole-superpower status, or on matters of culture, where France is always the first to denounce American "cultural imperialism." Lately, Franco-American friction has manifested itself most visibly in the Persian Gulf, where France's interests—in Iraq and Iran—seem to clash with America's security needs."<sup>337</sup>

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<sup>336</sup> *Al-Jazeera.net*, 1 November 2002.

<sup>337</sup> Dominique Moisi "The Trouble with France" *Foreign Affairs* May/June 1998, p.94.



Eric Rouleau, a former French Ambassador to Turkey and Tunisia, illustrated how these differences runs deep:

The French are undoubtedly not alone among European in their difficulty grasping American policy in the Middle East. Although clear in its objectives—at least those publicly defined—it invariably raises questions and sometimes suspicions. Part of the problem comes from cultural differences. The French, without necessarily being cynical, tend to be sceptical of the moralism that America traditionally attaches to its policies. General Charles de Gaulle raised no eyebrows in France when he declared, as a self-evident truth, that the Primary purpose of the state, which he characterized as a “cold monster,” was to defend the nation’s interests. Nor did anyone take offence when he set down the rule—still observed—that France recognizes only states, and that the regime governing a state is not its concern. (One might note in passing that observance of this principle has spared France not only the diplomatic complications accompanying changes in regimes but, paradoxically, accusations of hypocrisy and double standards.) The notion that there are rogue states, then, has no equivalent in the French political vocabulary and continues to be a source of puzzlement. In European eyes, Washington’s criteria for categorizing good and bad states would, if applied rigorously, significantly lengthen the list of the latter.<sup>338</sup>

The French were against the multilateral comprehensive economic sanctions against Baghdad. The French foreign minister, Hubert Vedrine, described the sanctions on Iraq as “useless, cruel, and inadequate”, while admitting that the Security Council ought to pursue its objectives “by means other than the current embargo.”<sup>339</sup> He forcefully asserted: “On Iraq, we think that the legitimate security aspirations of Iraq’s neighbours can be ensured without continuing to rely

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<sup>338</sup>Eric Rouleau “America’s Unyielding Policy Toward Iraq” Foreign Affairs January/February 1995, pp.59-60.

<sup>339</sup>Hubert Vedrine & Dominique Moisi France in an Age of Globalization (Brookings Institution Press, 2001), p.94.

on the embargo that penalizes—very cruelly—the population, even as it is manipulated by the leaders.”

Moreover, France stood vigorously against Operation Iraqi Freedom. French Foreign Minister, Hubert Vedrine, declared that: “Military action against Iraq cannot be justified within the United States’ war against terrorism....No European country believes it is in the logic of the anti-terrorist drive to undertake something against Iraq. Even those in the United States arguing openly for American action against Iraq are not saying anymore there is a link to the (September 11<sup>th</sup>) attacks.”<sup>340</sup>

In sum, France a key UN Security Council member with veto powers, as well as a significant political and economic weight inside the EU, played a pivotal role in eroding sanctions through its economic dealing with Baghdad and diplomatic defiance to the US-Iraq policy as was shown in this section and will be illustrated further in chapter seven.

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<sup>340</sup> Reuters, 21 December 2001.

5.2.4.4 Germany

Table 5.15 Germany trade with Iraq 1999-2000

Imports (DM million)	
Imports 1999	162.4
Imports Jan-Jun 1999	67.2
Imports Jan-Jun 2000	43.6

Exports (DM million)	
Exports 1999	142.9
Exports Jan-Jun 1999	56.8
Exports Jan-Jun 2000	50.5

Source: Special report Germany, MEED 17 November 2000, p. 26.  
1 DM= 0.558688USD    1 USD= 1.78991DM

Meanwhile Germany, Europe’s major economic power, was accorded by Saddam Hussein priority-trading status for the Iraqi market in June 2002. Trade between Iraq and Germany had reached nearly \$ 661 million dollars since 1996.<sup>341</sup> Various German TV stations spoke of it reaching the \$ 1 billion mark.

Moreover, Germany defied the United States diplomatically. Transatlantic tensions were also very clear with the hard-line German position against an American/British led war to oust Saddam Hussein regime. Germany’s government-a vital member of the EU and NATO- opposed any military action against Iraq, saying it preferred diplomacy to war. German Chancellor Gerhard Schroeder’s blunt rejection of the use of force led to the sharpest differences within the allies on Iraq. Europe, with exception of the United Kingdom, seemed to reject what they viewed as American belligerence and unilateralism after the September 11th terrorist attacks on America.

<sup>341</sup> AFP, 16 June 2002.



The Economist summed the German foreign policy stance and its clash with that of the American national vital interests:

Until recently, Germany was one of the United States best friends. The Americans could rely on its enthusiastic moral, if not military, support in most global matters. Within hours of the terrorist attacks on the United States a year ago, Gerhard Schroder, Germany's chancellor, was among the first to pledge his "unlimited solidarity", describing the event as "a declaration of war against the entire civilised world". But now he has categorically rejected any German support for an American-led attack on Iraq, even if backed by a United Nations mandate. The relationship that has been the cornerstone of German foreign policy since the Second World War is under strain. Though several European governments feel much the same toward Mr Bush's policy, Germany's has gone furthest out on a limb.<sup>342</sup>

It is not only Germany's leadership that was against the war, but also the general public and civil society groups. According to a German expert Dieter Lutz, Director of the Peace Research Institute of the Hamburg University "The threat potential of Baghdad is small. The danger of a military strike planned by Washington is bigger than what Iraq can do."<sup>343</sup> According to the BBC, the regional *Schwaebis Ches Tagblatt* newspaper quoted Ms. Daeubler-Gmelin, German's Justice Minister, as saying "Bush wants to divert attention from his domestic problems. It's a classic tactic. It's one that Hitler used."<sup>344</sup>

German Foreign Minister, Joschka Fischer, expressed the same sentiment even more strongly, saying: "All European nations would view a broadening (of the conflict) to include Iraq highly sceptically—and that is putting it diplomatically."<sup>345</sup> While German Chancellor Gerhard Schroeder was very clear

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<sup>342</sup> "Germany's Foreign Policy: Why Gerhard Schroder Has Gone Out On a Limb" The Economist 12 September 2002.

<sup>343</sup> Xinhua News Agency, 28 September 2002.

<sup>344</sup> BBC, 19 September 2002.

<sup>345</sup> Reuters, 28 November 2001.

in his opposition to US planned attack when he said, that a military attack on Iraq is “wrong” and that “under my leadership Germany will not take part in that.”<sup>346</sup>

Interestingly, after he was elected for the second time, German Chancellor Gerhard Schroder reiterated the same political decision he and his party members have held during the elections “I want to make it as clear as glass that we are opposed to military intervention in Iraq.”<sup>347</sup>

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<sup>346</sup> Chicago Tribune, 27 August 2002.

<sup>347</sup> Hugh Williamson & Peter Spiegel “Germany Rejects Role in War Against Iraq” Financial Times 27 November 2002.

### 5.2.4.5 United Kingdom

**Table 5.16 A breakdown of the United Kingdom exports to Iraq between Jan-Sep 2000.** 1 GBP= 1.58000 USD    1 USD= 0.632910 GBP

Description	Value (U.K. £)
Animal and vegetable oils, fats and waxes	6,000
Manufactured goods classified chiefly by material	10,000
Miscellaneous edible products and preparations	29,000
Crude fertilisers and crude minerals	16,000
Petroleum, petroleum products and related material	93,000
Organic chemicals	4,000
Inorganic chemicals	6,000
Medicinal and pharmaceutical products	1,857,000
Essential oils and resinoids and perfume materials toiletries	4,000
Plastics in primary forms	23,000
Plastics in non-primary forms	9,000
Chemical materials and products	321,000
Rubber manufacturers	114,000
Paper, paperboard, and articles of paper or of paperboard	1,000
Textile yarn, fabrics, made-up articles, and related products	3,000
Non metallic mineral manufacturers	3,000
Iron and steel	181,000
Manufacturers or metal	112,000
Power generating machinery and equipment	19,490,000
Machinery specialised for particular industries	770,000
Metalworking machinery	205,000
General industrial machinery and equipment, and machine parts	11,252,000
Electrical machinery, apparatus and appliances and electrical parts	1,347,000
Road vehicles	1,813,000
Articles of apparel and clothing accessories	17,000
Professional, scientific and controlling instruments and apparatus	549,000
Miscellaneous manufactured articles	549,000
Miscellaneous manufactured articles	632,000
<b>Grand Total</b>	<b>38,867,000</b>

Source: [http://www.tradepartners.gov.uk/text/iraq/profile/03\\_economic/economic.shtml](http://www.tradepartners.gov.uk/text/iraq/profile/03_economic/economic.shtml)



Unlike France, Germany and the Netherlands and other EU members, the United Kingdom's government was engaged with the United States in occasional bombing on Iraq, and was a public advocate of overthrowing Saddam's regime. At the same time, it fought in the UN alongside the United States against the pro-Iraq lobby formed by Russia, France, and Germany. This was especially clear during 2002 and 2003. The United Kingdom also shared a special and historic relationship with the United States. However, at times, the United Kingdom was close to France and Germany compassion for the Iraqi people as the Blair government formulated his Labour government notion of ethical foreign policy.

The United Kingdom together with the Netherlands initiated a plan at the Security Council to lift sanctions on a trial basis of 120 days in return for the full and renewed cooperation of Iraq with UN weapons inspectors. The Guardian stated "Britain is offering Iraq a carrot by proposing that sanctions could be suspended if Baghdad resumed cooperation with United Nations efforts to monitor banned weapons of mass destruction." Britain had more leverage with the United States than that of France and Germany due to the historic relationship and huge trade between the two countries. The Guardian reported "Britain hopes to persuade the United States to go along with this latest attempt to overcome bitter differences in the UN security council and give Baghdad a fresh incentive to close the weapons file. Washington is said to be unhappy with some of the proposals, but the foreign secretary, Robin Cook, is keen to emphasize British humanitarian concern." The British/Dutch proposal called for "lifting all limits on the amount of oil Iraq can sell" and proposed "that the council should consider allowing foreign investment-vital to revive the Iraqi oil industry- four months after weapons inspectors return."<sup>348</sup>

Moreover, companies from the United Kingdom, the chief US ally, had been negotiating business with Iraq since the inception of the oil-for-food programme. They also participated in Iraq's trade fairs and the number of companies venturing in the Iraqi market had increased as indicated by the BBC news online.

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<sup>348</sup> Ian Black "Britian holds out carrot to Iraq on santions" The Guardian, 17 June 1999.

The BBC spoke of at least a dozen British businesses registered for the annual Baghdad International Trade Fair starting 1<sup>st</sup> November 2002. According to the BBC they were exploring opportunities in oil, medical, water treatment, and engineering sectors.<sup>349</sup> Products for the use of agriculture were sold to Iraq under the oil for food deal, and some British businessmen related to the agriculture companies visited Iraq frequently some as often as twice a year. During these relatively long visits they negotiated for contracts and closed deals with the Iraqi authority under the oil-for-food deal. UK subsidiaries in Latin America, Europe and the Middle East were also involved in similar negotiations and deals.<sup>350</sup>

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<sup>349</sup> BBC, 17 September 2002.

<sup>350</sup> Iraqi Businessmen representing UK companies in their dealings with Iraq, private interview with author, The Netherlands, 2002.

## **5.3 Iraq's attempts to capitalize on economic temptation**

Iraq attached great political importance to its trade with the international community. It used annual trade fairs to lure European, Russian, Turkish and Asian companies back to the Iraqi market, whilst continued to smuggle oil and asked international companies for kickbacks to add to its increased revenues that were not controlled by the UN. Here is a brief look at the other ways the world business community interacted with Iraq in the era of sanctions.

### **5.3.1 The Baghdad Trade Fair**

The Netherlands, France, Germany and the UK were not the only European countries competing to sell their goods to and trade with Baghdad. Dozens of firms including from Washington's European partners in NATO were also strongly present in the Iraqi market, including Sweden, Belgium, Turkey, Finland, Denmark, Italy, Spain, Cyprus, Switzerland, Romania, Yugoslavia, Russia and Austria. They all competed for a share of the market and profited from the periodic expansions to the oil-for-food programme. Even the United Kingdom was one of these. These countries representatives at trade fairs managed to negotiate and sign trade agreements and contracts. EU and other countries' companies found trade fairs as a good way of networking and a step towards gaining a greater share in the market.

For example when Iraq organized an international trade fair in Baghdad in November 2001, the biggest since these trade fairs were resumed in 1995, the European Union business community was heavily represented. France participated with 104 firms, while 100 German companies exhibited their products at the Baghdad trade fair. Like the French and Germans, 40 companies represented Italy and the Spanish sent 30 companies. Also participated were 200 Russian companies and 120 Turkish firms.<sup>351</sup> In addition 15 Arab countries also participated in the fair.

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<sup>351</sup>AFP, 28 October 2001.



Iraq organized another trade fair at the beginning of November 2002 for ten days, where 1,200 companies joined the fair from 49 countries. This level was not far away from that seen before the economic sanctions and the 1991 Gulf War, where 52 to 55 countries participated. Over 20,000 officials and business people who attended the trade fair listened to the opening sermon, where patriotic Iraqi songs and praises of Saddam Hussein including condemnation of America were heard. Countries like France, Germany, The Netherlands, Italy, Austria, Denmark, Turkey, Greece, Russia and China participated in the fair. In the fair contracts were signed between Iraq and many companies totaling \$ 0.5 billion. Some 20 contracts were signed with French, Saudi, UAE, German, and Iranian companies.<sup>352</sup>

Iraq used these trade fairs for its own political ends. This kind of trade fair allowed companies to get an introduction to the Iraqi market, promoted their products, and provided an ideal platform for the region's and the international businessmen, investors and government representatives alike to meet and develop strong, positive business relationships. Iraq managed to lure international companies back to the Iraqi market, indicated to the world (especially the United States) that sanctions were a thing from the past. Politically and economically Iraq wanted to show the United States that the world was returning to normal trade activities with Iraq whether the US liked it or not. In the words of the director of the Baghdad fair, Fawzi al-Dhahir, this event "marks the return of normal trade activities between Iraq and the world as they were before the unjust embargo."<sup>353</sup> It is not at all surprising that an Iraqi official should think this way and or say these words, since nearly 50 countries with more than 1,650 companies, 20,000 officials and business people participated in the two-week trade fair, higher than a year previously, when 45 countries and 1,554 companies attended the annual fair.<sup>354</sup>

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<sup>352</sup> Al-Jazeera.net, 10 November 2002.

<sup>353</sup> Reuters, 7 November 2001.

<sup>354</sup> AP, 1 November 2001.

### 5.3.2 The kickbacks

Iraq's programme of sanctions-busting included asking for kickbacks from companies operating under the oil-for-food deal. This apparently started in mid-2001, when Iraq asked international companies to pay the Iraqi government money outside the UN escrow account.

The Chairman of the UN sanctions committee conceded to the CNN "Iraq has been trying to obtain illegal kickbacks from companies that sell humanitarian goods under the United Nations oil-for-food program."<sup>355</sup> Raad Alkadiri, of the Petroleum Finance Co. in Washington, confirmed: "Paying a surcharge is hard to prove, particularly when Iraq is dealing with sort of smaller, lesser known traders who come from countries that don't see eye-to-eye with the United States on sanctions."<sup>356</sup>

At the same time, the Financial Times obtained a confidential list of companies that it claimed were paying the illegal surcharge to Baghdad, and ironically they were mostly from the UK: "The UK is home to more companies doing oil business with Iraq than any other country, according to a confidential United Nations list of buyers, many of which are said to be paying illegal kickbacks to the Iraqi regime. The list, obtained by the Financial Times, was discussed on Wednesday in a closed-door meeting by members of the UN Security Council. It shows that 98 of 735 companies registered to buy oil directly from Iraq are from the UK."<sup>357</sup>

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<sup>355</sup> CNN, 7 March 2001.

<sup>356</sup> CNN, 24 January 2001.

<sup>357</sup> Carola Hoyos "UK leads way for Iraq dealings" Financial Times. 12 April 2001.

### 5.3.3 Oil smuggling and illicit military supplies

Sanctions-busting ships loaded with smuggled Iraqi oil had also become another routine method employed by the Iraqi regime through Iraqi, Arab, and Asian agents to violate UN sanctions against Iraq. Needless to say, these ships loaded oil without the authorization of the UN and the earnings went to the Iraqi government outside of the UN programme in Iraq. The United States had long accused Baghdad of illegally gaining between \$1 billion to \$2 billion in oil revenues annually. Despite the usual news of sinking ships in the Persian Gulf spilling smuggled Iraqi oil, the UN for the first time presented evidence of such illegal acts: "Iraq was caught smuggling \$10 million worth of oil through an Athens-based shipping company in violation of UN sanctions, the United Nations said today."<sup>358</sup> Smuggling through Turkey had been a daily routine since Turkey expressed its unhappiness of the economic sanctions as early as 1992: "Despite the UN sanctions, Iraqi oil has been unlawfully transported to South Eastern Turkey through the Habur border gate. It was recently reported that there are '200 embargo busts for every legitimate load' at the Turkish-Iraqi border."<sup>359</sup> Oil was also smuggled through Syria and Jordan.

A report published by the Coalition for International Justice, a human rights' group based in Washington, confirmed the increasing amount of oil smuggling the Iraqi leader was managing to do. Susan Blaustein spoke of \$2.5 billion of illegal oil sales made for the Iraqi leader in the year 2002 alone. "That money is meant to be distributed to the Iraqi people in humanitarian goods, but Saddam is in charge of the distribution and he has a veto over the UN workers there," she said. She asserted that: "The UN Security Council, which has 15 members including five permanent members with veto power—the United States, Russia, China, France and Britain—has not been addressing the problem adequately." She added: "Each country has had its own reasons for refusing to crack down on Hussein's illegal revenue-generating activities. Russia and France have been loathe to lose their lucrative oil-for-food contracts and future oil rights by taking any tough stance on

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<sup>358</sup> "Iraq Caught Smuggling Oil, UN Official Says" The Washington Post 26 October 2001, p.A28.

<sup>359</sup> Sever (2001), p.54.



Iraq in the UN Security Council.”<sup>360</sup> Reuters, who took the news from oil industry and shipping sources, reported that Iraq was smuggling large shipments of oil from its Gulf port via Jordan, calling it Baghdad’s most successful smuggling yet.<sup>361</sup>

In further evidence of how much money Saddam made outside the UN/US eyes could be found in the news that emerged after the guns went silent in Baghdad end of April 2003. The American troops in Iraq found \$780 million in one of Saddam palaces, \$112 of them were labeled “Bank of Jordan”<sup>362</sup> Azzaman Newspaper, Iraqi newspaper based in London and now in Baghdad as well- also reported on another finding this time of \$100 million and 90 million Euro that was hidden by Saddam.<sup>363</sup> While the New York Times claimed Saddam took \$1 billion before the war started from Iraq’s Central Bank.<sup>364</sup>

Moreover, research published by the US-based Wisconsin Project on Nuclear Arms Control stated “that previously unpublished reports by UN arms inspectors (UNSCOM) show that Baghdad sought to buy—and in some cases succeeded in buying—banned military items in the early and mid-1990s from companies in Romania, Belarus, Ukraine, and Russia.” According to Radio Free Europe the research showed that Iraq “vigorously courted companies in Romania, Ukraine, Belarus, and Russia to break the sanctions in exchange for money from smuggled oil.”<sup>365</sup>

While regionally, the smuggling was public and continues. The New York Times wrote “In a brazen violation of United Nations sanctions, scores of Syrian trucks laden with Iraqi oil now shuttle past this desert oasis every day, reflecting the ties that have turned the former foes into friends.” The newspaper added “The unauthorized deliveries have angered the United States and British Governments,

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<sup>360</sup> Reuters, 18 September 2002.

<sup>361</sup> Reuters, 21 February 2003.

<sup>362</sup> Washington Post, 25 April 2003, p.15.

<sup>363</sup> Azzaman Newspaper, 1 May 2003.

<sup>364</sup> The New York Times, 6 May 2003.

<sup>365</sup> Radio Free Europe, 21 June 2001.

<http://www.rferl.org/nca/features/2001/06/21062001123116.asp>

which have asked the Syrian authorities to stop them, said diplomats based in Damascus, the Syrian capital. But the Syrians appear in no mood to do so, and some diplomats say they believe that the Syrian Government may play a role in distributing the oil once it reaches Damascus.” The newspaper report significantly stressed “The smuggling is so open that drivers regularly pull off the road at the Roman ruins of Palmyra here, in full view of the Syrian police.”<sup>366</sup>

At many times Iraq deceived the UN and there was many corrupt and greedy businessmen in Eastern Europe and Western Europe as well as Asia and the Arab world to supply Iraq’s demands of illegal military supplies while the neighboring states acted as trafficking channels of smuggled goods. Ultimate destination was Jordan, Lebanon or Syria using Palestinians, Lebanese, and Jordanian businessmen as a cover purchasers and from there these businessmen help smuggles the illegal goods through the land border to the hand of the Iraqi regime.

Besides the oil smuggling which was thriving and generating assured additional sources of revenue for Iraq, in several cases, many individuals had been caught smuggling military and dual-use products to Iraq. Leading German news weekly, Der Spiegel, reported that: “investigators suspect Iraq attempted to buy machines that could be used to make large-calibre guns from German firms.”<sup>367</sup>

News of similar cases was aired, concerning possible arms deals between Ukrainian and Swiss companies with Iraq. A report by the Wisconsin Project on Nuclear Arms Control confirmed: “The Iraqi Government has had little difficulty in securing the material it needs to rebuild weapons sites despite United Nations sanctions.” The Report stated: “the Iraqi Government has developed a highly sophisticated smuggling network which has made a nonsense of the whole idea of sanctions.” The authors of the Report declared: “the Iraqis often use businessmen in Jordan to buy weapons components from Eastern European defence manufacturers. The components are paid for the proceeds of smuggled Iraqi oil,

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<sup>366</sup> The New York Times, 26 April 1999.

<sup>367</sup> AP, 8 December 2001

and appear to be destined for Jordan, but when they arrive they are driven across the Iraqi border in trucks.”<sup>368</sup>

Most significantly, US Defence Secretary, Donald Rumsfeld, conceded that sanctions had failed in preventing Iraq from acquiring dual-use products and military technology, even though it was under embargo: “Quite apart from what is permitted and not permitted, there is a great deal that is moving across their border, and it is common knowledge in the world that Iraq has an enormous appetite for weapons of mass destruction and military capabilities.”<sup>369</sup>

Moreover, the Guardian spoke of a Western report that accused Eastern European countries-such as Serbia, Bulgaria, Ukraine, and Belarus-of illicit arms trade with Iraq. “Yugoslavia is the hub for east European arms smugglers and military experts who have been supplying Saddam Hussein with crucial equipment and know-how...Bulgaria admitted last week the Terem plant in Turgovishte had been sending armoured vehicles and spare parts to Iraq via Syria, while Belarus, under the anti-western authoritarian President Alexander Lukashenko, has been supplying Baghdad with missile expertise and machinery which can be adapted for military use.”<sup>370</sup>

Thus it was no surprise that despite years of sanctions and weapons inspections, the Iraqi President confirmed that his country’s success in circumventing sanctions: “Conditions in Iraq have this year become better than previous years, economically and in our capacity to face up the challenges and confront the Americans. Our military capabilities are now bigger. Battle is continuing on the economic, political and military fields. We are convinced we will be victorious.”<sup>371</sup> In fact, Iraq was proud to announce that it had launched successful tests on three new missiles despite sanctions, called Ababil and Al Samoud 1 and Al Samoud 2. Later, Hans Blix and his new inspection team, UNMOVIC, found in 2003 that Iraq’s Al Samoud 2 missiles had a capacity of more than 150KM

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<sup>368</sup> BBC, 18 June 2001.

<sup>369</sup> AFP, 10 May 2002.

<sup>370</sup> Ian Traynor & Nicholas Wood “Eastern Europe Arms Saddam” The Guardian, 25 November, 2002.

<sup>371</sup> AFP, 22 August 2001.



which was prohibited by the UN Security Council Resolutions. This discovery clearly indicated that Iraq despite the years of sanctions was able to acquire the prohibited materials and know-how to develop missiles that could possibly threatens the Middle East region and the American troops in the Arabian Gulf.

## **5.4 Summary**

In summary, it is easy to understand why the comprehensive economic sanctions collapsed and lost their logic and effectiveness internationally. In this chapter also, particular attention was given to key European countries, Russia, and to the issue of policy differences and national interests between Europe and the United States.

The past two chapters have shown how Iraq triumphed in its battle to break out of the isolation brought on it through UN sanctions imposed in 1990. It established how key actors and Iraq managed to restore diplomatic, economic, and strategic ties with its neighbours and the international community as whole. These were solid and significant gains. Instead of behaving like the man who lost the Gulf War, the re-integration of Saddam into the world oil market and the subsequent commercial and diplomatic relations, in addition to the Palestinian uprising, the policy rifts across the Atlantic coupled with the smuggling networks, all allowed the Iraqi regime to emerge strengthened regionally and globally in the battle to undermine the multilateral comprehensive economic sanctions.

All these commercial interests and the oil power of Iraq, in addition to the region's strategic developments, have created a climate in the region and worldwide that questioned increasingly the logic of maintaining these constantly undermined sanctions. What have been identified in the past two chapters were pivotal moments in the history of sanctions that have helped Iraq out of its economic siege and diplomatic isolation; the main pillars of an effective multilateral comprehensive economic sanction.

In their book, Cortright and Lopez illustrated the American predicament in the UN on Iraq, which led to the collapse of the multilateral comprehensive economic sanctions:

After more than eleven years of continuing sanctions, the United Nations has been unable to achieve its objectives in Iraq. The sanctions have constrained Iraq's military capabilities, but they have not succeeded in convincing Saddam Hussein's government to comply fully with the UN mandate on disarming weapons of mass destruction. On the contrary, Iraqi defiance of UN policy has deepened and become more strident. Frontline states, Iraq has aggressively pursued policies to undermine the sanctions, and international compliance has steadily eroded. Unauthorized trade has increased, and commercial and transportation links with Baghdad have multiplied.<sup>372</sup>

The authors showed how Iraq's friends at the UN, notably Russia, France, and China, stood as an obstacle in front any further pressure on Saddam regime:

Moscow called for a partial lifting of sanctions as a means of acknowledging the progress achieved and encouraging further cooperation from Baghdad. Such a step would have been in keeping with cooperation theory, which emphasizes the importance of reciprocating concessions. When the target of coercive pressure complies with the sender's demands, however grudgingly, a reciprocal gesture to ease coercive pressure can help to encourage further cooperation. The United States rejected proposals for easing sanctions pressure, however, showing little interest in applying this principle in Iraq. Nor did Iraq provide any indication that it was interested in cooperation on inspections. The policy options on Iraq were reduced to Iraqi obstinacy and US bombing.<sup>373</sup>

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<sup>372</sup> Cortright & Lopez (2002), p.21.

<sup>373</sup> Ibid., pp.25-26.

At the same time, the authors acknowledged that: "By early 2000, it was no longer accurate to describe UN policy as an oil embargo. Iraqi oil exports were not prohibited" adding, "by the fall of 2000, daily oil production was between 2.6 and 2.8 million barrels, levels approaching the rates before the Gulf War. Oil exports revenues during the second half of 2000 were nearly \$10 billion—hardly what one would call an oil embargo."<sup>374</sup>

The authors conceded that: "By summer 2000, UN sanctions in Iraq were unravelling," accurately concluding that this "was partly the result of the inevitable erosion that occurs with sanctions that have been maintained for such an inordinately long period. It was also due to factors specifically associated with this case: continuing divisions among the permanent members of the Security Council, widespread public concern for humanitarian suffering in Iraq, and the Baghdad regime's elaborate and multi-pronged efforts to subvert sanctions compliance."<sup>375</sup>

They highlighted a vital point when they pointed that even the monitoring of sanctions collapsed: "Further evidence of the erosion of sanctions came in October 2000, when the government of Jordan ordered a halt to the inspection of Iraqi-bound cargo arriving at the port of Aqaba. The inspections at Aqaba dated from 1994, when the UN hired Lloyd's Register to monitor goods destined for Iraq. These dockside inspections were a substitute for maritime inspection, which had caused delays and increased costs for shippers. Jordan gave no explanation for its decision to halt the inspections by Lloyd's Register, although it indicated at the time that new arrangements would be provided. A year later, the monitoring of Iraqi-bound cargo had not resumed. The end of cargo monitoring at Aqaba, combined with the departure of UNSCOM inspectors from Iraq, left the United Nations with no means of determining whether Iraq was importing military equipment and rebuilding its weapons capability."<sup>376</sup>

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<sup>374</sup> Ibid., p.28.

<sup>375</sup> Ibid., p.32.

<sup>376</sup> Ibid., p.34.



These Iraqi political gains caused both by the greed of the business community and economic considerations had led to many bargaining, conciliatory gestures, diplomatic overtures, and negotiations with Baghdad, which subsequently eased the pressure of sanctions on Saddam and ultimately led to their collapse. Baghdad did not comply fully with UN Resolutions as sanctions rules demanded, and relied solely instead on strategies of entangling the world business community in lucrative deals, smuggling networks, and obstruction and confrontation methods with UNSCOM, taking advantage of the Middle East crisis, and exploiting Security Council divisions and ideological differences. The result was a weakening of international and regional political support for sanctions on Iraq. Saddam Hussein confirmed that his country was winning the battle of sanctions: "Westerners are saying that the economic situation of Iraqis, despite the sanctions, is better than that of the Egyptians, and that Iraq has benefited from sanctions...and improved itself in the propaganda war against US policy."<sup>377</sup>

What follows is essentially a moral and traumatic dilemma arising from the humanitarian catastrophe that had resulted from comprehensive economic sanctions. Thus the following chapter will examine another aspect of the de-containment of Iraq: the humanitarian moral challenge of the comprehensive economic sanctions.

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<sup>377</sup> AP, 25 May 2002.

## **Part Three**

## **Chapter six**



## 6. INTERNATIONAL PUBLIC OPINION AND SANCTIONS

*"Starvation of civilian as a method of warfare is prohibited"*<sup>378</sup>

*"The US should stop pretending that the sanctions have nothing to do with the dire public health crisis confronting millions of Iraqis."*<sup>379</sup>

This chapter will argue that the humanitarian moral predicament resulting from the sanctions haunted the United States and the pro-sanctions lobby, and helped to break the walls of the economic and political siege on Iraq. To illustrate this point, this chapter will explore at and focus on how public opinion, the church, peace groups, the UN officials and others influenced and helped bring about the de-containment of Iraq.

Enormous suffering and many deaths were the direct results of sanctions. They impoverished the people and reduced them to mere survivors of the daily hardship of sanctions adding to the misery and tyranny of Saddam's rule. There were those in the United States who had hoped that by pushing the people too far, the chances of a military coup aided by a popular discontent against the government to topple it would be more likely. This backfired. Thus, after some time, the ethical question over their impact on the civilian population was very hard to ignore. De-containment of Saddam regime was the result.

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<sup>378</sup> Geneva Protocol I, Article 54.

<sup>379</sup> Hannah Megally, Executive Director, Middle East and North Africa Division, Human Rights Watch. UN Security Council Must Ease Iraq Crisis: A letter sent to the Security Council by Human Rights Watch and five other organizations, March 23, 2000.  
[www.hrw.org/press/2000/03/iraq0323.htm](http://www.hrw.org/press/2000/03/iraq0323.htm)

**Table 6.1 UNICEF basic indicators on Iraq**

Under-5 mortality rate per 1000 births	1960	171
	2001	133
Infant mortality rate (under 1) per 1000 births	1960	117
	2001	107
Total-population (thousands)	2001	23584
Annual no. of births (thousands)	2001	823
Annual no. of under-5 deaths (thousands)	2001	109
GNI per capita (US \$)	2001	2170
Life expectancy at birth (years)	2001	63
Total adult literacy rate	2000	58
Net primary school enrolment/attendance (%)	1995-2001	93

Source: [http://www.unicef.org/infobycountry/iraq\\_statistics.html](http://www.unicef.org/infobycountry/iraq_statistics.html)

**Table 6.2 UNICEF estimates on child and infant mortality rates for Iraq**

<b>Year</b>	<b>Child mortality rates for under 5 (U5MR)</b>	<b>Infant mortality rates (IMR)</b>
1960	171	117
1970	127	90
1980	83	63
1990	50	40
1995	117	98
1998	125	103

Source: <http://www.unicef.org/reseval/cmriq.html>

**Table 6.3 Reported mortality in children less than 5 years old from selected causes in Iraq (1990-1994)**

<b>Year</b>	<b>No.</b>	<b>Per 100 000</b>
1990	8903	257
1991	27473	884
1992	46933	1460
1993	49762	1495
1994	52905	1536

Source: Ministry of Health, Government of Iraq (Northern Governorates excluded). <http://www.who.int/disasters/rep0/5249.html>



**Table 6.4 Percentage of low birth weight (LBW) births to total births in Iraq (1990-1994)**

Year	% Low birth weight (LBW)
1990	4.5
1991	10.8
1992	17.6
1993	19.7
1994	21.1

Source: Ministry of Health, Government of Iraq (Northern Governorates excluded). <http://www.who.int/disasters/repo/5249.html>

**Table 6.5 Shortage of food in Iraq, 1995/1996 (000 tons)**

Commodity	Estimated production	Total requirements	Shortage/import requirements	% shortage of total requirements
Cereals	2192	5633	3441	61.1
Pulses	50	120	70	57.7
Vegetable oil	100	298	198	66.4
Red/Poultry meat	114	454	340	74.9
Fish	5	62	57	91.9
Eggs (million)	150	1966	1816	92.4
Milk	N.A.	372	223	59.9
Tea	NIL	62	62	100.0
Sugar	80	814	734	90.0
Baby Milk	Negligible	43	43	100.0

Source: Evaluation of food and nutrition situation in Iraq- FAO 1995. <http://www.who.int/disasters/repo/5249.html>

**Table 6.6 Selected indicators in Iraq before sanctions, 1988-1989**

<b>Health indicators</b>
-Birth rate 43 per 1000 population
-Crude death rate 8.0 per 1000 population
-Infant mortality rate 52 per 1000 live births
-Under 5 mortality rate 94 per 1000 live births
-Maternal mortality rate 160 per 100,000 live births
-Low birth weight 5% (below 2.5 kg)
-Life expectancy 66 years

<b>Socioeconomic indicators</b>
-GNP per capita (US\$) US\$ 2,800
-% female literacy 85%
-% population with health care 93%
-% population with safe water 90%
-% pregnant women with maternity care 78%
-% pregnant women with trained birth attendant during delivery 86%

Source: The health conditions of the population in Iraq since the Gulf crisis, World Health Organization (WHO), March 1996.

<http://www.who.int/disasters/repo/5249.html>

## 6.1 The humanitarian minefield

Saddam's campaign to beat sanctions took advantage of the ordeal of sanctions-related suffering of the innocent Iraqi people. The failure of world governments to put the vulnerable and innocent at the forefront of their policy contributed greatly to the Iraqi propaganda campaign. The distress about the humanitarian consequences in Iraq had become high. Sanctions were blamed as the direct factor causing the humanitarian, health and sanitation tragedy in Iraq. The Iraqi leader managed to use this factor to fuel his propaganda machine and win more concessions from the world to ease the economic sanctions.

All the American administrations and British governments repeatedly insisted that their quarrel was not with the Iraqi people but rather with the political leaders in Baghdad. The magnitude and human costs of sanctions had resulted in much suffering and many deaths among the civilian population of Iraq while leaving its political leaders entrenched, prosperous, and powerful. Ordinary Iraqis could not help but see this as an effort to destroy them and keep them backward. This also pushed the world grass roots' community to oppose and demand the change of the sanctions policy, which resulted in further compromises through lifting more restrictions to the benefit of Saddam's regime only.

For example, Iraqi media told the people that what UNSCOM got from the revenues of the oil-for-food deal was much more than an ordinary Iraqi benefits from its revenues. Saddam's propaganda machine told ordinary Iraqis that each inspector, for example, earned more than \$100 thousand per year extracted from the revenues of the oil for food deal. The care costs of their sniffer dogs, as well as their travel expenses, were also extracted from the oil for food deal Iraqis were told. Ordinary Iraqis were made to believe that this money was being robbed from their own oil revenues and future wealth.<sup>380</sup> Thus, resentment increased against UNSCOM, UN, and the sanctions system rather than Saddam, especially when they witnessed their daily suffering and silent deaths because of the lack of food, money, employment, education, or health facilities due to years of UN sanctions

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<sup>380</sup> Various programmes from the Iraqi Satellite Channel, 2002.



and wars. This shift in resentment did not help to bring a popular revolt with army coup backing against Saddam as economic sanctions' advocates had hoped. Sanctions advocates did not realize that the longer this situation continued, the more ammunition Saddam gained for his propaganda machine, and the more counterproductive sanctions became.

This chapter will conclude that the humanitarian situation in Iraq was employed by the Iraqis to further divide the Security Council, win more public opinion, and erode the comprehensive strict sanctions regime of 1991. While it is very true that Saddam hypocritically used Iraqis' agony and humiliation for his own political agenda while his ruthless rule was also a major cause of Iraqi deaths and humiliation, the fact remained, however, that UN sanctions was the main reason behind the daily suffering, humiliation, agony, displacement and death of millions of Iraqis. Sanctions came to add much more agony to an already bad situation under the tyranny of Saddam and his reckless adventures.

Prior to UN sanctions, Iraq was a prosperous country in terms of infrastructure and modernization when compared to other Muslim countries in the region. Iraqi citizens had greater access to modern health facilities, high standards of living, free education system, modern infrastructure in terms of electricity; clean water; paved roads; international hotels; three international airports, low tax with a reliable banking and insurance system, low inflation, foreign investment, and the Iraqi Dinar was strong against the American dollar. There were over three dollars to the Dinar. Under sanctions, however, \$1 equalled 2000 and sometimes 2500 Dinars, a sign of hyperinflation. In addition, Iraqi women enjoyed gender equality in the work, social and education fields. After the Gulf War of 1991, this previously confident country was reduced to a poor, depressed country, where sanctions caused acute consequences. Many human rights NGOs reported on Iraqis' daily agony; they spoke of a generation of Iraqis suffering in all spheres and deprived of their basic needs. All their reports highlighted that under sanctions a generation of Iraqis had no jobs, have never worked, left without education, low wages, no modern health system, no clean water, and with no human developments or future perspective. They pointed to other detrimental impacts of the international economic sanctions such as the increased corruption in all walks of life, hyper-

inflation, school-dropouts, child labour, child illnesses, child deaths, organized crime, child prostitution, decline in the standards of nutrition, and increased levels of stress and anxiety among teen-age and women. Sanctions deprived ordinary Iraqis from their economic and health rights. In addition, it humiliated the dignity of Iraqis when at the same time Saddam was depriving them of their political and human rights. Innocent people were sandwiched between these two problems.

However some casualties remained invisible. Sanctions had caused the exodus of nearly 5 million Iraqis out of a population of 22 million. They were Iraq's most valued trained professionals: the doctors, engineers, scientists, businessmen, lawyers, teachers, artists, pilots, poets, archaeologists, and writers. This was the most significant part of the population that could actually have been critical of Saddam and might have played an important role in the establishment of civil society. Sanctions had also hit the Christian community hard, as well as the Muslims of Iraq. Throughout its history, Iraq had never known such a massive exodus of its population. In their search for livelihood, they filled the cities around the world. Today they can be seen from America to Australia. No one in Iraq had ever believed that Iraqis would reach places such as New Zealand.

Another ironic episode from the sanctions' era was the sanctions on literature and scientific periodicals. It is said in the Middle East that Cairo writes, Beirut prints, and Baghdad reads. The ordinary Iraqi is considered to be an avid reader and information seeker in the Arab World. During the sanctions' era, Iraqis were denied the right to read the latest literature and periodicals. The ironic part was that these same books and periodicals, which the ordinary people were denied due to sanctions, were smuggled to Saddam and his regime through regional states by smugglers and businessmen.

Many accounts spoke of the collapse of the middle class in Iraq. The post-Gulf War conditions and the daily burdens of sanctions all undermined the middle class and reduced it to poverty, debt and deprivation. Family income declined due to loss of business, closures of factories, low wages in the public sector, and hyperinflation. People were forced to sell valuable books, cars and sentimental gifts in open markets. Professors became taxi drivers. On the other hand, the

suffering of the poor became even worse and particularly acute especially in the southern cities of Basra, Najaf and Nassryia.

Most scholars and humanitarian reports agreed that sanctions forced the Iraqi population to depend on the centrally controlled rationing system. People also competed for government favours, co-opted through a governmental system of carrot and stick or punishments and privileges. In addition, sanctions have had a negative impact of the advancement of democracy. After the Iran-Iraq war, Saddam was talking of opening up in political sphere, but the Gulf War of 1991 and sanctions killed that pipe dream. After the Gulf War, the government used the sanctions as a pretext to delay indefinitely any political changes and managed to employ the sanctions as a mobilizing tool to rally suffering Iraqis behind the flag through shifting the blame of the collective suffering from the dictatorial regime in Baghdad and placing it on the United States. Tariq Aziz, Iraq's deputy Prime minister, said on many occasions that it was impossible to open up freedom and democracy under such a bleak economic situation. The Iraqi government saw democracy coupled with sanctions as the beginning of the end of their tyrannical rule.

Interestingly, sanctions and continued allied bombing, whilst not really putting an end to Saddam's rule once and for all, had pushed a large number of the Iraqi population towards stronger religious assertion: "There is a widely acknowledged trend toward greater Islamic religiosity. External expression is found in women's dress. In those parts of society where women used to appear publicly in Western dress (predominantly in middle-class circles), it has become more common for women at least to wear scarves covering their heads. Where women had previously worn scarves (mainly in communities that had recently moved to the towns from the countryside), it has become more common for them to wear the full black abaya."<sup>381</sup>

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<sup>381</sup> Tim Niblock: (2001) pp.180-181.



## **6.2 United Nations and NGOs' reports speed up de-containment**

After a decade of sanctions, the human costs were horrendous on the vulnerable civilian population. This devastating situation, even if unintended, raised ethical, moral and legal questions around the world.

Pressure was immense on the sanctions regime and took different forms and ways:

1. International advocacy network
2. Using information and the Internet as a political weapon
3. Mobilizing morality and opposition on national and international bases relying on figures, facts and religion
4. Grassroots campaigns to transform popular attitudes
5. Raising awareness of the impact sanctions had on all aspects of Iraqi life
6. Highlighting details on the disastrous effect on children, women, and the elderly
7. Publicly challenging and attacking the general concept of sanctions as a contrary concept to international law, the Convention of Human Rights, and the United Nations Charter
8. Through the United Nations Secretary-General and UN staff members' political influence and public statements
9. Donation for the children of Iraq
10. Sanctions-busting delegations to Iraq
11. Writing letters to MP's and Congressmen, leaflets, and arranging speakers meetings
12. And finally, by establishing groups that is solely dedicated to launching campaigns against sanctions in major Western countries including the United States and United Kingdom.

These general points can be clearly seen below through the various ways the anti-sanctions lobby exerted pressure on the comprehensive sanctions on Iraq:

1) The immense criticism from international figures, which created a fierce anti-sanctions lobby in the West and the Arab world. These figures included Ramsey Clark, Mararita Papandreou, Ahmed Ben Bella, Miguel D'Escoto, Hans Von Sponeck, Denis L Halliday, Boutros Boutros Ghali, Kofi Annan, Felicity Arbuthnot, Kathy Kelly, John Pilger's, Noam Chomsky, George Galloway, Archbishop Giuseppe Lazzarotto, Auxiliary Bishop Thomas Gumbleton and Father Jean-Marie Benjamin. In addition to the Vatican, the Catholic peace group, Pax Christi USA, the Catholic Church, Canadian Church groups including Inter-Church Action, the Church of England, the World Council of Churches, United Methodist Church, Orthodox church, The National Council of Churches, British charity groups, charities, parliamentarians and associations. Most of these other anti-sanctions groups derived from North America and the United Kingdom, including groups like Iraq Action Coalition, International Action Center, Voice in the Wilderness, Fellowship of Reconciliation, Citizens Concerned for the People of Iraq, the Campaign Against Sanctions in Iraq (which was launched at the University of Cambridge in 1997, Britain Against Sanctions on Iraq, Leeds Campaign Against Sanctions on Iraq (based at Leeds University), Manchester Campaign Against Sanctions on Iraq (based at Manchester University), Canadian Network to End Sanctions on Iraq, and University of Western Ontario Movement to End the War Against Iraq.

These world figures and organizations saw that the years of sanctions did not constrain Saddam or change his behaviour, but rather had a grave impact on the weakest, innocent members of the population. They viewed the disturbing civilian sanctions-related-suffering in Iraq as a grave violation of the UN basic principles of human rights, the Declaration of Human Rights, The Convention on the Rights of Child in particular and international law in general.

Pope John Paul II too added his voice and prayer against Iraq sanctions: "The sons and daughters of the (Catholic) church in Iraq, and all the Iraqi people who are being so severely tried by the continuing international embargo, never cease to be present in my thoughts....I assure all those who are suffering, especially the women, children and elderly, of my prayerful support."<sup>382</sup> While nearly a year later the Pontiff told prelates of the Chaldean Catholic Church visiting from Iraq and other Middle Eastern countries: "I implore the Lord to enlighten the understanding and hearts of those nations responsible (for the embargo), so that they may open in favour of re-establishing a just and lasting peace in this region,". In addition, the Pope called for the lifting of sanctions and named Friday a day of fasting for Catholics around the world against the suffering of Iraqis from the sanctions.<sup>383</sup>

Moreover, the Catholic aid agency Cafod also rejected sanctions "Whereas the Iraqi elite have survived the Gulf war and the sanctions, the poor people of Iraq have continued to suffer and die,"<sup>384</sup>

The long years of sanctions proved to be a cruel instrument resulting in considerable hardship and harm violating every principle of the Iraqi people's basic human dignity and human rights causing a worldwide outrage and adding energy for the calls against the comprehensive sanctions, demanding the lifting of most restrictions on trade and investment to address the country's continuing humanitarian crisis. This was clearly reflected in a letter sent to the Security Council from Human Rights Watch, a human rights group based in the United States, which urged the United Nations Security Council to address the humanitarian situation in Iraq in a transparent and open way. In this way, asking the Security Council to lift most sanctions on non-military trade and investment: "We are writing to you to express our deep concern about the commitment in the Security Council to improving the humanitarian crisis in Iraq. We urge the Council, in its March 24 debate on the most recent report of the Secretary-General

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<sup>382</sup> BBC, 19 March 2000.

<sup>383</sup> AP, 11 December 2001.

<sup>384</sup> Ian Black & David Sharrock "Aid workers lambast sanctions" The Guardian, 23 December 1998.



on Iraq (S/2000/208), to address this emergency in a thorough and transparent manner, to show determination to implement the humanitarian provisions of UNSCR 986, 1153 and 1284 (1999), and to accord the necessary priority to fundamental humanitarian and human rights principles in the design and operation of the Iraq sanctions' regime. Our views are based on our long experience with Iraqi issues, and months of dialogue with UN agencies, diplomatic missions and other non-governmental organisations. We believe strongly that humanitarian and human rights principles have been consistently subordinated to political considerations in the Council's approach to Iraq." The letter asked the UN Security Council to ease the comprehensive sanctions on Iraq: "the Security Council must do all in its power to protect the fundamental rights of the civilian population. We are therefore compelled to call for a radical redesign of the sanctions regime to make the sanctions more targeted, effective and credible. The current sanctions regime hurts the most vulnerable and fails to touch Iraq's political leaders." It is vital to note that, in addition to Human Rights Watch, five other organizations also signed this letter, including Save the Children/UK.<sup>385</sup>

Over time, concern increased that the people were enduring the brunt and not the regime. International solidarity and support for sanctions-weakened. Iraq could persuade the international community that the innocent victims and suffering were directly linked to comprehensive economic sanctions, which created an international situation appropriate for easing the strict sanctions' regime of 1991.

The human tragedy of sanctions placed the United Nations and the United States under huge public questioning. There is no doubt that the suffering of the Iraqi people encouraged a strong campaign for the lifting of sanctions. The message of all the groups illustrated above was simply that under sanctions, the people were dying. In the face of all these concerns and opposition to sanctions, the UN had little choice but to promote a bargaining process in which the US and Iraq tried to find a solution to the sanctions stalemate. Thus the UN established the oil-for-food deal and others which permitted Iraq to export and import more easily. Pressure on humanitarian grounds persuaded the Security Council to expand the

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<sup>385</sup> U.N Security Council Must Ease Iraq Crisis. Press Release, Human Rights Watch [www.hrw.org/press/2000/03/iraq0323.htm](http://www.hrw.org/press/2000/03/iraq0323.htm), 23 March 2000.

oil-for-food deal. This significantly weakened the sanctions regime to the benefit of oil-wealthy Saddam, who claimed: "On previous occasions we have said the blockade will not be lifted by a unanimous UN Security Council Resolution....Rather, it will erode the more Iraqis remain firm in their stance."<sup>386</sup>

Moreover, this victory for the Iraqis was culminated by the numerous visits in the past decade of many, among others, French, German, Dutch, British, Spanish, Russian, Canadian, American, and Arab lawmakers, religious leaders, and parliamentarians to assess or challenge the economic embargo on Iraq.

Another problem for the Western world came from the large numbers of Iraqis immigrating from the daily economic hardship of sanctions and the brutality of Saddam's regime. This presented the West with a moral challenge and economic strain. Statistics from the UN High Commissioner for Refugees put Iraqis at the top of people asking for asylum in the West. "Statistics on asylum applications in 29 industrialized countries for the first nine months of this year (2002) show that the top country of origin of asylum seekers from January to September this year was Iraq."<sup>387</sup> This showed how the oil-for-food deal was not sufficient to relieve completely the sanctions-suffering Iraqis however helping only Saddam and his inner circle to stay entrenched in power giving them power and legitimacy. The lack of UN enforcement of its Resolutions on human rights' inside Iraq against Saddam regime also pushed Iraqis to immigrate.

2) The most significant challenge to the pro-sanctions lobbyist and the UN came from organizations affiliated with the UN such as UNICEF, FAO and WHO. For example, UNICEF (a member of the UN family) described sanctions as the main problem behind the suffering of people "Many problems of nutrition and health can arise not just from military but also from economic warfare—as the outside world tries to put pressure on errant regimes. While the United Nations finds itself caring for war-torn communities, the Security Council is imposing economic

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<sup>386</sup> BBC, 17 July 1998.

<sup>387</sup> Office of the Spokesman for the Secretary-General, United Nations, [www.un.org](http://www.un.org), 6 December 2002.



sanctions that create many of the same problems for the poor and vulnerable—leaving the real targets virtually untouched.”<sup>388</sup>

UNICEF Reports on infant and child mortality in Iraq provided the world with shocking realities of the humanitarian costs of sanctions. UNICEF’s findings in 1999 on child and maternal mortality in Iraq, the first such study since 1991, indicated that: “in heavily-populated southern and central parts of the country, children under five are dying at more than twice the rate they were ten years ago. UNICEF Executive Director Carol Bellamy said the findings reveal an ongoing humanitarian emergency.” This considerable hardship among Iraq’s poor and vulnerable was clearly revealed by that UNICEF survey, which showed that “in the south and centre of Iraq—home to 85 per cent of the country’s population—under-5 mortality more than doubled from 56 deaths per 1000 live births (1984-1989) to 131 deaths per 1000 live births (1994-1999). Likewise infant mortality—defined as the death of children in their first year—increased from 47 per 1000 live births to 108 per 1000 live births within the same time frame. The surveys indicate a maternal mortality ratio in the south and centre of 294 deaths per 100,000 live births over the ten-year period 1989 to 1999.”<sup>389</sup>

The World Health Organization (WHO) also produced reports and press releases to affect the sanctions regime. One such press release warned of the immanent collapse of the Iraqi health system. Dr. Hiroshi Nakajima, Director-General of the WHO, who visited Iraq for four-days to examine the oil-for-food programme came out criticizing sanctions and its effects on the health System and well being of Iraq. After visiting Najaf, Kerbela, Babil and Baghdad provinces he witnessed that these four provinces health facilities “suffer from a series of problems caused by lack of medicines and essential supplies as well as breakdowns in equipment and other logistical and managerial problems. Erratic electrical current is a major cause of breakdowns in the cold chain.” The visitors observed, “Government drug warehouses and pharmacies have few stocks of medicines and medical supplies. In a large suburb of Baghdad, the Director-General saw queues of patients waiting

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<sup>388</sup> UNICEF Report on the state of the world’s children 1996, [www.unicef.org/](http://www.unicef.org/), 1996.

<sup>389</sup> Iraq surveys show ‘humanitarian emergency’, 12 August 1999

[www.unicef.org/newsline/99pr29.htm](http://www.unicef.org/newsline/99pr29.htm)



to receive medicine. Stocks of medicine received for the month of February represented 30% of the normal needs of patients attending this facility." Adding, "Basic medical materials, such as auto-destruct syringes, bandages or dressings are not available." According to WHO Director-General, "The consequences of this situation are causing a near breakdown of the health care system, which is reeling under the pressure of being deprived of medicine, other basic supplies and spare parts."<sup>390</sup>

The Food and Agriculture Organization of the United Nations followed a similar line in trying to exert pressure on the Security Council through its special reports and press releases to expand the oil-for-food deal. In a mission to Iraq the organization produced a report which highlighted the malnutrition spread in the country especially among the vulnerable groups and called the oil-for-food programme not completely adequate to alleviate the suffering of the people and requested for investment in the water and agriculture sectors.

The FAO report pointed, "Perhaps the most-far reaching recommendation for both agriculture and nutrition concerns the need for economic rehabilitation and development throughout the whole country. Unless increased purchasing power is generated and greater investment is made in agriculture, additional and necessary high-quality proteins and bio-available micro-nutrients will be beyond the means of many, and nutritional problems will persist, despite the improved ration under SCR 986." Adding, "Of major importance is the severe deterioration of the water and sanitation system in Iraq. Water availability in its widest sense involving drinking water, irrigation, water-logging, salinity and sewage disposal is absolutely fundamental to the future of agricultural productivity and health of the population. It is recommended that high priority be given to sustainable rehabilitation of the water and sanitation system, otherwise water-borne diseases, including nutritional marasmus, will remain a major problem despite improved food availability."<sup>391</sup>

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<sup>390</sup> World Health Organization Press Release, WHO/16, <http://www.who.int/>, 27 February 1997.

<sup>391</sup> The Food and Agriculture Organization of the United Nations (FAO) Special Report on Iraq, <http://www.fao.org/giews/english/alertes/srirq227.htm>, 3 October 1997.

Then the pressure came from within the Security Council. The Iraqi predicament was clearly summed up by a report of the Security Council Panel on Humanitarian Issues. The Security Council established the Panel on 30 January 1999, to inform the Council, as some of its members (notably Russia, France and China) were increasingly concerned over the humanitarian situation in Iraq. The Panel stated: "According to the information presented to the panel, at the end of the last decade, Iraq's social and economic indicators were generally above the regional and developing country averages. GDP in 1989 stood at 75.5 billion for a population of 18.3 million. GDP. Growth had averaged 10.4% from 1974 to 1980. By 1988 GDP per capita totalled 3.510 US dollars. The concerted push for economic growth from the mid-seventies onward had benefited the country's infrastructure." The Panel added: "As highlighted by FAO, at that time Iraq had one of the highest per capita foods' availability indicators in the region. Dietary energy supply averaged 3.120 kilocalories per capita/per day. Due to the relative prosperity Iraq had the capacity to import large quantities of food."

The Panel findings showed clearly that Iraq's health system was large and efficient prior to sanctions: "According to WHO, prior to 1991 health care reached approximately 97% of the urban population and 78% of rural residents. The health care system was based on an extensive expanding network of health facilities linked up by reliable communications and a large fleet of service vehicles and ambulances... A major reduction of young child mortality took place from 1960 to 1990, with the infant mortality rate at 65 per 1.000 live births in 1989." The report added: "UNICEF indicates that a national welfare system was in place to assist orphans or children with disabilities and support the poorest families." Moreover, the Panel report indicated that the educational system and policy of Iraq was well developed: "As described by UNICEF, the Government of Iraq made sizable investments in the education sector from the mid-1970s until 1990. According to UNESCO, the educational policy included provision for scholarships, research facilities and medical support for students. By 1989, the combined Primary and secondary enrolment ratio stood at 75% (slightly above the average for all developing countries at 70%, according to the Human Development Report for 1991). Illiteracy had been reduced to 20% by 1987."



In addition, the report showed that: "Before 1991, the South and Centre of Iraq had a well-developed water and sanitation system comprising over two hundred water treatment plants ("wtp's") for urban areas and 1200 compact wtp's to serve rural areas, as well as an extensive distribution network. WHO estimates that 90% of the population had access to an abundant quantity of safe drinking water. There were modern mechanical means of collection and sanitary disposal."

The report concluded that the Gulf War and the effect of economic sanctions have devastated the Iraqi economy and the social fabric. "After the Gulf War and under the effect of sanctions, it is estimated that Iraq's GDP may have fallen by nearly two-thirds in 1991, owing to an 85% decline in oil production and the devastation of the industrial and services sectors of the economy...Agricultural growth has since been erratic and manufacturing output has all but vanished. According to figures provided by UNFPA, per capita income fell from 3.416 US dollar in 1984 to 1,500 in 1991 and has decreased to less than 1.036 in 1998. Other sources estimate a decrease in per capita GDP to as low as 450 US dollars in 1995". As for the mortality rates the Panel reported: "As mentioned by UNFPA, the maternal mortality rate increased from 50/100.000 live births in 1989 to 117/100.000 in 1997. The under-five child mortality rate increased from 30.2/1000 live births to 97.2/1000 during the same period. Although figures for infant deaths are based on estimates that may involve a margin of error, the trend is one of sharp increases. The Population Division of DESA calculates that the infant mortality rate rose from 64/1.000 births in 1990 to 129/1.000 in 1995... Low birth weight babies (less than 2.5Kg) rose from 4% in 1990 to around a quarter of registered births in 1997, due mainly to maternal malnutrition. UNFPA and other sources such as the International Federation of the Red Cross and Red Crescent Societies, believe that as many as 70% of Iraqi women are suffering from anaemia."

The report then highlighted the problem that faced Iraqis concerning their daily dietary energy supplies, showing clearly that a lack in that supply had occurred. Under sanctions, many Iraqis lacked vitamins, minerals, and protein for health and growth especially children "The dietary energy supply had fallen from 3.120 to 1.093 kilo calories per capita/per day by 1994-95. The prevalence of malnutrition in Iraqi children under five almost doubled from 1991 to 1996 (from 12% to



23%). Acute malnutrition in the Center/South rose from 3% to 11% for the same age bracket. Results of a nutritional status survey conducted on 15,000 children under 5 years of age in April 1997 indicated that almost the whole young child population was affected by a shift in their nutritional status towards malnutrition." The report added: "Since 1991, hospitals and health centers have remained without repair and maintenance. The functional capacity of the health care system has degraded further by shortages of water and power supply, lack of transportation and the collapse of the telecommunications system. Communicable diseases, such as water-borne diseases and malaria, which had been under control, came back as an epidemic in 1993 and have now become part of the endemic pattern of the precarious health situation, according to WHO."

After acknowledging the dire humanitarian situation in Iraq, the Panel addressed the accelerating decline in the educational sector: "School enrolment for all ages (6-23) has declined to 53%. According to a field survey conducted in 1993, as quoted by UNESCO, in Central and Southern Governorates, 83% of school buildings needed rehabilitation, with 8,613 out of 10,334 schools having suffered serious damages....The rising number of street children and children who work can be explained, in part, as a result of increasing rates of school drop-outs and repetition, as more families are forced to rely on children to secure household incomes."

In a world of communication, technologies, Internet, free trade and globalisation, imagine a day without electricity, heating, or water. A day where no hospital equipment can function, where the lack of oxygen, needle, and clean medical equipment can result in many preventable deaths, a day where no water pumps can operate, no lights at night, no lights in the streets, when hardly any ambulance available for emergencies- and so continues the litany of daily agony deprivation. This was Iraq for the past 13 years. This was the daily live in Iraq in the twenty first century. The Panel was very clear about this "The accelerating decline of the power sector has had acute consequences for the humanitarian situation. The total remaining installed capacity today is about 7,500 mw, but inadequate maintenance and poor operating conditions have reduced the power actually generated to about

half that figure at 3.500 mw...Power shortages have consequently worsened to up to 6 hours a day since July 1998."

The UN Panel findings stated that there had been an "increase in juvenile delinquency, begging and prostitution, anxiety about the future and lack of motivation, a rising sense of isolation bred by absence of contact with the outside world, the development of a parallel economy replete with profiteering and criminality, cultural and scientific impoverishment, disruption of family life."

One important point highlighted by the Panel was the control by Saddam's regime of the humanitarian supplies to the Iraqi people: "The dependence of the Iraqi population on humanitarian supplies had increased Government control over individual lives to the detriment of personal initiative and self-reliance."<sup>392</sup>

To add salt to injury another UN-commissioned report written by the Belgian law Professor, Marc Bossuyt, for the UN Sub-commission on Human Rights which concluded: "The theory behind economic sanctions is that economic pressure on civilians will translate into pressure on the government for change. This theory is bankrupt both legally and practically." The report asserted that the situation in Iraq was "a humanitarian disaster comparable to the worst catastrophes of the past decades."<sup>393</sup>

3) The call for more humane and moral sanctions came from many others and in many different forms. It was important resignations in protest of the humanitarian situation in Iraq and the lack of the oil-for-food scheme to bring the salvation to the Iraqi people in their ordeal that had the wide publicity and significance in the UN war with itself on the issue of the Iraq sanctions. Denis Halliday, the former UN Assistant Secretary General and Chief UN Relief Coordinator for Iraq from 1997- until he resigned in protest at sanctions in 1998 - was one such powerful voice against the continuation of sanctions on Iraq. In a speech at Harvard

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<sup>392</sup> Report by a group of experts of the Humanitarian Panel established by the Security Council concerning the humanitarian situation in Iraq. April 1999, [www.un.org/Depts/oip/](http://www.un.org/Depts/oip/), Office of the Iraq Programme, United Nation-oil for food.

<sup>393</sup> AP, 16 August 2000.

University in the United States, he outlined vigorously his point that sanctions were not producing the intended results: "on the contrary, they were producing counterproductive consequences for Iraq, the region and the world as whole. I see the present sanctions' regime representing a certain bankruptcy of ideas, simplistic, unsuccessful, without the desired results. And I see United Nations sanctions representing unacceptable consequences for the innocent children and people of the country; individuals that certainly had nothing to do with the invasion of Kuwait. There can be no justification in my view for the death and malnutrition for which sanctions are responsible." Halliday added: "We may not like the government in power, but that dislike cannot be allowed to empower the members of the Security Council to sustain a sanctions' regime that kills, destroys, and brings to ruin the lives of some of the twenty-three and a half million people." Halliday stressed: "the civilian population, particularly infants and children, are being targeted, are being hit by United Nations sanctions with appalling consequences. The data on infant mortality is known."<sup>394</sup>

Another Senior UN official, Hans von Sponeck, previously the UN humanitarian co-ordinator for Iraq from 1998-2000, resigned and attacked sanctions: "As a UN official, I should not be expected to be silent to that which I recognise as a true human tragedy that needs to be ended...How long the civilian population, which is totally innocent on all this, should be exposed to such punishment for something that they have never done?"<sup>395</sup> There is no doubt that economic sanctions and their prolongation represented a moral dilemma to many, and thus came the wide international consensus and outrage against sanctions. It became a moral crisis where it became harder and harder for any nation to justify the continued suffering of a people by the need to contain and overthrow Saddam.

Both Halliday and Von Sponeck made their anti-Iraq-sanctions' sentiments clear in a joint-article in the Guardian of London: "The current policy of economic sanctions has destroyed society in Iraq and caused the death of thousands, young and old." They asked: "How much longer can democratically elected governments

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<sup>394</sup> "Why I Resigned My UN Post in Protest of Sanctions". Denis Halliday: Public Speech at Harvard University in Cambridge, Massachusetts, transcript recorded by Chris Nicholson of the Campaign for the Iraqi People. November 5, 1998.

<sup>395</sup> BBC, 8 February 2000.



hope to get away with justifying policies that punish the Iraqi people for something they did not do, through economic sanctions that target them in the hope that those who survive will overthrow the regime? Is international law only applicable to the losers? Does the UN security council only serve the powerful?" They added: "The uncomfortable truth is that the west is holding the Iraqi people hostage, in order to secure Saddam Hussein's compliance to ever-shifting demands."<sup>396</sup>

4) Moreover, the movement to end the sanctions against Saddam on moral grounds had grown even among the United States' legislatures and people. Here we are talking about the United States of America, Saddam's most implacable opponent and the driving force behind the long-term continuation of the sanctions. "A group of United States congressmen –both Democrats and Republicans- are putting pressure on the Clinton administration over its support of the United Nations economic sanctions against Iraq." reported the BBC. David Bonior, a Democrat for Michigan, had called the embargo on Iraq "infanticide masquerading as policy" He added "our message is simple, we're saying: millions of children are suffering and we refuse to close our eyes to the slaughter of innocents. This embargo has not hurt Saddam Hussein or the pampered elite which supports him, but has been devastating for millions of Iraqi people," Congressman Bonior was one of 70 United States legislators who signed a protest letter against sanctions calling for its end.<sup>397</sup>

At the same time, "Congressman Dennis J. Kucinich (D-OH) and 25 members of Congress have sent a letter to Secretary of State Madeleine Albright asking to meet with her to discuss issues related to United States sanctions policy in Iraq. This effort is also supported by the American Public Health Association, the oldest and largest organization of public health professionals in the world, representing more than 50,000 members from over 50 occupations of public health." The letter stated, "We feel that the gravity of the public health crisis

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<sup>396</sup> Denis Halliday & Hans Von Sponeck "The Hostage Nation" The Guardian 29 November 2001.

<sup>397</sup> BBC, 17 February 2000.

makes it urgent for us to rethink the sanctions policy at all levels, especially in regard to water purification materials,”<sup>398</sup>

Ohio State University witnessed a loud disruption from American protesters against the economic sanctions and war on Iraq. This was the loud protest that was broadcasted on television when three of the highest ranking officials in the Clinton administration, US Secretary of Defence William Cohen, Secretary of State Madeleine Albright, and National Security Advisor Sandy Berger, struggled to explain the administration policy on Iraq when they started hearing the loud protests of “‘1-2-3-4, We don’t want no racist war’ and ‘Liar!’ by about dozen activists. These protestors repeatedly interrupted Secretary of State Madeleine Albright, Secretary of Defence William Cohen and National Security Advisor Sandy Berger. They had to plead from the stage for equal time as they hammered the point that Saddam Hussein is a dangerous dictator with a history of using weapons of mass destruction.”<sup>399</sup> Albright faced similar protests at University of Arizona.

Another example of these protests was that of a group of American people from the American Friends Service Committee, who went to Baghdad in June 2002 on a fact-finding mission. The delegation leader, Peter Lems, told the Associated Press: “We are here because our government is unwilling to acknowledge the devastating consequence of its policy toward Iraq.”<sup>400</sup> Al-Jazeera Television broadcasted a report from Baghdad showing how Christmas was being celebrated under sanctions. In it, they showed an American Church delegation spending Christmas in Baghdad speaking publicly against sanctions and war.

5) While in the United Kingdom the movement to lift sanctions also gained momentum. It was through Labour MPs such as Tony Benn, George Galloway, and Tam Dalyell, who were all strong critics of sanctions on Iraq. Galloway made several sanctions-busting trips to Iraq and opened an organization for that cause called the Mariam Appeal. He was also famous for his trip on a London style

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<sup>398</sup> Office of Rep. Kucinich, Press Release, Global Policy Forum, <http://www.globalpolicy.org/security/sanction/iraq1/iraq39.htm>, 19 April 2000.

<sup>399</sup> “Cabinet Confronts Heartland” ABC News, 18 February 1998.

<sup>400</sup> AP, 11 June 2002.

double-decker bus overland to Baghdad to campaign against sanctions. Tony Benn called sanctions a "war crime", adding: "we have destroyed the whole of Iraqi society. We have killed hundreds of thousands of people with sanctions...We are still bombing and Saddam is still there."<sup>401</sup> Dave Nellist, a former Labour MP and now leader of the Socialist Alliance group on Coventry City Council, also criticized sanctions against Iraq. So did Ian Page, a Socialist Alliance Councillor in Lewisham in London, who said: "Sanctions have done nothing to eliminate Saddam Hussein...They are not working and should go."<sup>402</sup>

6) Most important was the role of UN Secretary-Generals in initiating and pushing for more compromises on the oil-for-food deal. Boutros Boutros-Ghali was one of leading advocates to open channels of communication and initiate trade with Baghdad. In his book he recalled "I was also trying to ease the burden of sanctions on the people of Iraq. While fighting raged in the Iraq-Kuwait war, the United Nations in February 1991 sent a team to evaluate the humanitarian needs of the Iraqi people. This mission, led by Sadruddin Aga Khan, proposed the sale of Iraqi oil to finance the purchase of `foodstuffs, medicine, and materials for essential civilian needs. ` On the basis of Sadruddin Aga Kahn's report, the Security Council adopted Resolution 706 on August 15, 1991, authorizing states to import Iraqi oil at the rate of \$1.6 billion each six months," He added, "From this point on, "Oil for Food" became the story of my own quixotic attempt to obtain Iraq's approval of this programme. The Iraqi people, not Saddam Hussein's regime, were the ones who were suffering under the sanctions. Their jobs had been lost, their children's health affected, and their general well-being reduced by the severe restrictions imposed on the flow of goods and services into and out of the country."<sup>403</sup>

Not only Ghali but also the current Secretary-General of the United Nations Kofi Annan advocated a similar and sometimes harder line expressing serious concerns about the health and general humanitarian situation in Iraq "UN Secretary-general Kofi Annan is to recommend an easing of restrictions on imports into Iraq

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<sup>401</sup> BBC, 16 January 2001.

<sup>402</sup> BBC, 22 February 2001.

<sup>403</sup> Boutros Boutros-Ghali Unvanquished: A U.S.-U.N. Saga (Random House, 1999), p.208.



because of their impact on the already tottering health care system.”<sup>404</sup> A month later Annan expressed his dismay at the negative results from the Iraqi experience with sanctions “Tragically, it is usually the people who suffer, not the political elite whose behaviour triggered the sanctions in the first place. Indeed, those in power not only transfer the cost to the less privileged, but perversely often benefit from such sanctions,”<sup>405</sup>

Under Annan the oil-for-food programme saw major expansion. His pressure on the Security Council to prolong and expand the Programme was instrumental. Quite diplomacy and sometimes-public pressure was his methods. For example, the UN Secretary-General addressed a dinner of the International Rescue Committee in New York and presented his views on sanctions “Increasingly, however, the use of sanctions has given rise to concerns. These concerns relate, of course, to Iraq, but also to the many other States that are subject of sanctions today. What is clear is that we need to improve the effectiveness of sanctions regimes if we want this instrument to remain available in the future.” The UN chief added “in too many instances, we are witnessing a tragic and unintended cycle of events, in which sanctions inadvertently strengthen the hold on power of governments or groups whose illegal behaviour triggered them in the first place. In turn, the international community reacts by prolonging sanctions, and thereby may even be postponing the moment when the changes sought will actually come about. It is this “sanctions cycle” that must be broken.” Annan stressed “Too often, innocent civilians have become victims not only of the abuses of their own government, but also of the measures taken against it by the international community. They are, thus, doubly victimized.”<sup>406</sup>

Perhaps the strongest criticism of sanctions from Kofi Annan came when the United Nations Secretary-General put it bluntly as he addressed the Security Council on March 24<sup>th</sup>, 2000: “The Humanitarian situation in Iraq poses a serious moral dilemma for this (organization). The United Nations has always been on the side of the vulnerable and the weak, and has always sought to relieve suffering.”

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<sup>404</sup> BBC, 13 March 2000.

<sup>405</sup> BBC, 18 April 2000.

<sup>406</sup> United Nations Press Release, SG/SM/7625, <http://www.un.org/>, 15 November 2000.

yet here we are accused of causing suffering to an entire population. We are in danger of losing the argument, or the propaganda war if we haven't already lost it—about who is responsible for this situation in Iraq—President Saddam Hussein or the United Nations. I am particularly concerned about the situation of Iraqi children, whose suffering and, in all too many cases, untimely death, has been documented in the report prepared by UNICEF and the Iraqi health ministry last year....We cannot in all conscience ignore such reports, or assume that they are wrong.”<sup>407</sup>

Summarizing the above discussion, the humanitarian dilemma in Iraq presented US policy-makers with moral and political realities that they could not escape. It also presented the United Nations with a moral challenge that pushed for the de-containment of Iraq. Also there were NGO's, churches, and other people's actions acting world wide to publicise the emergency situation inside Iraq and thus affect world opinion. The moral crisis also helped create and expand the UN “oil-for-food” deal, which paved a route of diplomatic and economic engagement with Iraq. In sum, the pressure on external actors was immense from NGO's, the various UN organs, some pro-Iraqi Security Council members, UN officials, Congress and MP's, and religious leaders that left the pro-sanctions supporters between a rock and a hard place pushing them to make serious compromises that paved the road for more trade and interactions with Iraq and caused its de-containment.

Mention must also be made of the fact that sanctions claimed hundreds of thousands of innocent lives, many of them children, while leaving Saddam Hussein's regime untouched with his domestic political powers intact and more powerful. The ruling powerful elite accumulated more wealth and lived lavishly in their big style palaces, while the rest of the country lived in grinding poverty and agony. The oil-for-food deal positive effects in the daily lives of the Iraqis were hardly noticed. It could not make better Iraq's humanitarian, nutrition, sanitation, educational, and health crisis. Even with the oil for food deal sanctions continued to cause agony and death in Iraq, targeting its entire population with malnutrition

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<sup>407</sup> United Nations Press Release, SC/6834, [www.un.org/](http://www.un.org/), 24 March 2000.

and diseases causing immense harm to the social, economic, health and educational system.



Chapter seven

## **7. UNITED STATES AND IRAQ BATTLE CONTAINMENT**

### **7.1 Running out of steam on Iraq: the shift to Smart Sanctions**

The United States in the past always maintained a firm position against any changes or pressures to the sanctions regime. However policy makers in the United States realized that global appetite for continuing the economic sanctions was not there anymore.

In a statement before the Senate Foreign Relations Committee, US Secretary of State Colin Powell explained the new Bush administration's change of policy: "When we took over on the 20<sup>th</sup> of January, I discovered that we had an Iraq policy that was in disarray; it was falling apart. We were losing support for the sanctions regime...(it) was collapsing. More and more nations were saying let's just get rid of the sanctions, let's not worry about inspectors; let's just forget it. There was all kinds of leakage from the frontline states, or down through the Persian Gulf with smuggling of oil."<sup>408</sup>

The United States could not rebuild international consensus on Iraq, could not overthrow Saddam, and could not change his political goals or behaviour for nearly 13 years. International erosion, and the fading hope of reenergizing sanctions through a new vision of "Smart Sanctions", added to the survival of Saddam's regime through the years of sanctions, had given the international community the chance to rehabilitate Iraq back to the trading and world community. America's foreign policy on Iraq, prior to September 11, proved toothless. Only on a few occasions, there was some muscle behind their politics. The United States did not press for a serious regime change in Baghdad prior to

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<sup>408</sup> Powell explains changes in Iraq sanctions policy, at Budget Hearing before the Senate Foreign Relations Committee, 8 March 2001, US Department of State, Office of the Spokesman.

Bush Junior's accession to the Presidency, despite the rhetoric, and instead opted for containment in the hope that this would do the job and might lead one day to a silver bullet palace coup in Baghdad.

The United States, in the aftermath of the 1991 Gulf War, managed to develop comprehensive economic sanctions with the support of regional and international states. Washington's political influence on international and regional countries was very high at that period, as it had won the war militarily against Saddam. Moreover, Washington's other success was when it managed, after the Gulf War, to engage the region's key actors, including Israel, to sit in Madrid and discuss peace and cooperation rather than war.

It can be stated that sanctions were relatively strong and tight on Saddam in their first three to four years. Saddam was weak after the war, and the West was, to a large extent, united against him. Russia, for example, managed to win state recognition from Iraq that Kuwait was entitled to exist and live near Iraq as an independent Arab state. However, the economic sanctions' system and the containment policy changed markedly with the appearance of political divisions over vital national interests inside the Security Council on Iraq amongst the allies and the Gulf War coalition. Economic interests played a big part in encouraging UN divisions further. That, of course, helped and resulted in its collapse and erosion of the sanctions' regime. New debates, problems, rules, relationships, and arrangements have evolved since the 1996 oil-for-food deal that have shaken the sanctions' structure and effectiveness to the point of eroding its logic.

As a result, Iraq's neighbours and European allies questioned the price of continuing sanctions. By 1998, a school of thought developed among Arab and European diplomats and policy makers that declared that American tough rhetoric on Iraq was mainly for domestic and public consumption-especially that of the American public support to the exiled Iraqi opposition-and they viewed the longevity of sanctions as economically draining to their companies and that the idea of overthrowing Saddam regime was illusionary.<sup>409</sup>

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<sup>409</sup> Dutch diplomat, private interview with author, Jordan, 2001.



It is vital to note here that the Europeans and the Arabs strongly believed that improving relations with Saddam and allowing him to engage with the West in dialogue and commerce would modify his behaviour. They had a similar view of Castro. An idea developed, particularly in France, Russia and the Arab world, that it was vital to provide Saddam with an opportunity. The Europeans waved the carrot to Saddam. A carrot policy was necessary from the European countries' point of view as it could make it easier for Saddam to comply with UN Resolutions, whilst at the same time winning commercially lucrative contracts from that rich country.

The international community wanted an alternative to the lingering confrontation. They pushed Washington to allow a partial easing of the sanctions' regime. The Europeans and the Arabs saw clearly that confrontation between Baghdad and Washington did not deter Saddam. From their point of view, the American strategy of military attacks did not yield anything as Saddam survived all of them.

Lawrence F. Kaplan highlighted the story of the failure of containing Iraq policy in the New Republic:

America's policy of containment against Iraq—a policy that is leaking like a sieve. There is, to begin with, the crumbling UN sanctions regime. Iraq currently exports more oil than any other country save Saudi Arabia, earns more from oil sales than it did prior to the embargo, and has been using those earnings to replenish its military arsenal. No one knows how fast that arsenal is growing because of the absence of UN weapons inspections...Meanwhile, Saddam Hussein is fast being rehabilitated on the international scene...The Clinton team in early 1999 commenced an internal review of Iraq policy. Saddam seemed to win everywhere there was a confrontation.<sup>410</sup>

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<sup>410</sup>Lawrence F Kaplan "America's Iraq Policy Collapses Rollback" The New Republic October 2000.

In a similar vain, both Cortright and Lopez contended: "The major powers had difficulty agreeing on a common programme, however, US officials opposed any easing of sanctions pressure. Meanwhile, many countries, including members of the Security Council, grew weary of the seemingly endless confrontation with Iraq and, motivated by a desire to relieve human suffering and resume trade relations, called for a lifting of sanctions altogether."<sup>411</sup>

As a result, open disregard for enforcement of the UN sanctions was widespread among the big powers and other nations. Consequently, a sanctions' fatigue developed and deepened among the international community, which undermined United States authority and plans for Iraq. The period after 1998 in the Security Council saw unprecedented international non-cooperation in sanctions monitoring and enforcement "The result was a steady weakening of the political commitment to continued sanctions within the Security Council, especially among China, Russia, and France, with even Great Britain at times distancing itself from the US position. The Council became deadlocked, unable to agree on a plan for resolving the current impasse and equally unable to ease sanctions pressures or end the sanctions-related suffering of the Iraqi people."<sup>412</sup>

Daniel L. Byman and Matthew C. Waxman confirmed that the containment policy led by the United States ran counter to the European and Arab allies' approach towards Iraq. There was no common perception on economic sanctions: "Allied and international support proved far less consistent than US domestic support and posed a major challenge for US policy. Although US allies in Europe and other major powers initially strongly supported attempts to coerce Iraq, over time France, Russia, and China became increasingly critical of US policy in the region and sought to end or curtail sanctions and inspections. Regional allies often did not support US strikes on Iraq or sought to limit their extent to avoid criticism at home. Lack of consistent regional or allied support undermined the credibility of

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<sup>411</sup> Cortright&Lopez (2000) p.54.

<sup>412</sup> Ibid., p.57.

US threats, encouraged Saddam to defy US ultimatums, and restricted US military options.”<sup>413</sup>

Domestically and at a special hearing, held nine years after the start of sanctions, in the Committee of Foreign Relations in Washington, many Senators criticised the Clinton administration’s lack of a coherent, comprehensive and long-term policy towards Saddam Hussein. Senator Sam Brownback from Kansas declared: “Our problem is Saddam.” Later he asked: “My simple question to you is what is the Clinton administration’s comprehensive plan for Iraq? What are we going to do? We are now in 1999. We have been at this for 9 years. There have been different strategies followed along the way. I was very hopeful earlier that we were moving toward a comprehensive plan and yet now it does not seem like we are on that track.” Senator John Ashcroft of Missouri remarked:

I am distressed by the resignation on the part of too many individuals that there is nothing that can be done to address this security threat and that we just have to take whatever happens to us. That is the absence of policy, not the presence of a coherent strategy to advance US national security interests. The continuing exchanges of fire between United States warplanes and Iraqi air defence forces have made it clear that the threat posed by Saddam Hussein is not going to diminish unless aggressive action is taken to undermine his government. In that respect I agree with you wholeheartedly that he is the problem. Since December Iraq has violated the no-fly zones at least a hundred times. Its ground forces have fired 20 missiles at US war planes...It is precisely the lack of a consistent strategy to encourage a change of government in Baghdad that has cost the United States so dearly in the Persian Gulf. Maintaining a US force in the region to contain Saddam has cost us over \$6 billion in real dollars since 1993, with no end in sight. And because policies have not been followed to address the real threat, there is little prospect that the 20,000 troops we keep in the Persian Gulf will return home any time

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<sup>413</sup>Daniel L. Byman & Matthew C. Waxman Confronting Iraq: US Policy and the use of force since the Gulf War (National Defense Research Institute RAND, 2000), p.xvi.



soon. Keeping our forces on the front lines in the Persian Gulf without focused and committed political leadership in Washington is a disservice to the soldiers and it undermines American credibility abroad...Over the last 6 years we have taken the path of least resistance in our policy toward Iraq. We supported the opposition until Saddam attacked them in 1996. We supported firm containment until advocates of appeasement at the United Nations opposed us in the Security Council. We condemned Saddam's brutal repression and used the strongest rhetoric against his weapons of mass destruction, but were more than happy to undermine our own diplomacy to accept new promises of compliance by Saddam last fall...It is astounding to me that, after more than a year of constant provocation from Saddam and in the midst of almost daily live fire exchanges between Iraqi forces and US warplanes, the administration agreed in January to review sanctions on Iraq and also proposed lifting the caps on the "oil-for-food" program. If it were a real review of sanctions it might even be different, but 'reviewing sanctions' for me is a code word for lifting or down grading sanctions...These tactical retreats at critical junctures, coupled with a lack of a long-term policy to encourage a new government in Baghdad, are the reason that Saddam, I think, is stronger today than he was at the end of the Gulf war.<sup>414</sup>

Of equal significance were the thoughts of Judith S Yaphe, a senior research professor for the Middle East at the institute for National Strategic Studies, National Defense University, Washington, D.C. She contended: "international support for a containment strategy on Iraq is proving increasingly difficult to maintain. The differences are especially sharp among the five permanent members of the UN Security Council—the United States, UK, France, Russia, China—and

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<sup>414</sup> United States Policy Toward Iraq. Hearing before the Subcommittee On Near Eastern And South Asian Affairs of the Committee on Foreign Relations. United States Senate, 106th congress, first session, March 9, 1999.

within the Arab world." She adds: "Russia, France, and China, however, argue against sanctions without end and without incentive."<sup>415</sup>

The diplomatic war actually shifted from all the allies against Saddam to allies against allies arguing about how to deal with Saddam, sanctions, and oil deals. Yaphe highlighted these differences and the disarray in the UN Security Council on Iraq: "US policymakers believe Iraq's objective and behaviour are unlikely to change while he is in power. They link Saddam's fate to that of the sanctions, saying that only his removal will offer some prospect for change. In contrast, Paris, Bonn, and Moscow have concluded that regime change is unlikely and, if it were to occur, would produce no shift in policy. These governments argue instead that policy change could occur under Saddam, and they are willing to deal with him."<sup>416</sup>

Thus, impatience with American policy on Iraq grew among the allies. When the Europeans and the Arabs realized that America had gone beyond UN-stated goals for sanctions, with Saddam's survival and defiance, his business and oil incentives to the world, the world opted to ignore the Americans and started a process of opening up to Saddam. Thus, the American containment policy suffered the weakening of alliances to keep the sanctions comprehensive, tough and worldwide. Tensions amongst the allies reached a point where there was public criticism of American foreign policy on Iraq, Iran, and North Korea. US Secretary of State Colin Powell saw him self on the defensive, calling on the European allies to respect US leadership. Counter criticism from the EU came swift and hard. The German Foreign Minister, Joschka Fischer, warned Washington not to treat the EU as satellite states: "I do not support anti-Americanism at all, but even with all the differences in size and weight, alliances between free democracies should not be reduced to following. Alliance partners are not satellites," while the French Foreign Minister Hubert Vedrine called United States foreign policy "simplistic."<sup>417</sup>

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<sup>415</sup>Yaphe (2001), p.128.

<sup>416</sup>Ibid., p.129.

<sup>417</sup>Reuters, 12 February 2002.

There is no doubt that the regime in Baghdad came under immense pressure due to the sanctions and the American policy, but the dictator in Baghdad managed to stay strong. The sanctions did not lead to any significant domestic political changes inside Iraq. The dictator, his associates and family members remained politically and economically strong. Sanctions could not weaken any of them. Saddam's other power structure, such as the security and intelligence services, remained strong too and were able to destroy any opposition and dissent.

Tim Niblock highlighted another vital point: "sanctions have reinforced among the population an image that the government has itself long projected: that of external powers scheming to pursue their own interests to the detriment of the Iraqi people. A strong perception exists among Iraqis that sanctions are part of a long-standing campaign to weaken and divide the Iraqi population and to prevent Iraq from playing its rightful role in the region. This is reinforced by reference to the imbalance in Western-enforced implementation of different Security Council Resolutions. Those Resolutions critical of Israel are not followed up, save to the extent that the Israeli government wishes to comply with the, whereas those that concern Iraq are implemented in detail. Such perceptions are further reinforced by the manner in which sanctions affect all Iraqi citizens, whether or not they are linked to the present regime."<sup>418</sup>

According to Mackey, in the end it was the United States who was isolated at the UN, the world, and the Middle East region not Saddam: "In truth, the sanctions had come to isolate the United States far more than Saddam Hussein. Refusing to bend to the suspect West, the master of Iraq increased his standing throughout the region. Although the Arabs did not ignore who and what he was, Hussein's esteem was due to his refusal to bow to the mighty United States whom Arabs perceived as tending the Israeli oppression of the Palestinians. Beyond the Middle East, all who resented the world's sole superpower held their own grudging admiration for Hussein's tenacity. The Iraqi president understood this."<sup>419</sup>

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<sup>418</sup> Niblock (2001), pp.186-187.

<sup>419</sup> Sandra Mackey The Reckoning: Iraq and the Legacy of Saddam Hussein (W.W. Norton & Company, 2002), p.372.



Giving the trade, oil, moral and strategic factors demonstrated in the previous chapters which led to Saddam de-containment, it is then no wonder that the US started looking for a new sanctioning strategy in the hope to place Saddam tightly back “in his box”. The United States and the United Kingdom found themselves isolated in the Security Council and the world as whole in their policies against Saddam. The comprehensive economic sanctions collapsed. Thus the two powers looked for smarter sanctions. However that too failed to materialize.

David Cortright and George Lopez clearly spoke of the politics in the UN towards the Iraq issue:

One aspect of the recent assertion of power politics has been the shift away from what seemed to be a generalized commitment to sanctions cooperation among the Permanent Five members of the Security Council to a greater tendency by individual nations to use sanctions to serve more narrow national interests...Recent years have witnessed more pronounced differences among the Permanent Five, especially the United States, the United Kingdom, and Russia, and attempts to dominate particular sanctions episodes.<sup>420</sup>

Even though it did not happen, and Iraq, Russia and the Arab countries rejected it, it was still vital to understand and sum up the factors behind the initiative United States’ Iraq policy towards more narrow targeted sanctions. The growing unhappiness with the poor results of the comprehensive economic sanctions on Iraq was largely the reason behind the introduction of “smart” sanctions as a possible idea to salvage what was left of the comprehensive economic sanctions.

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<sup>420</sup> David Cortright & George Lopez Sanctions and the Search for Security: Challenges to UN Action (Lynne Rienner, 2002), p.6.

Seven factors explain why the US policy shifted from a comprehensive sanctions' regime to an initiative of more targeted sanctions:

1. The United States strategy toward Iraq had failed to contain completely or overthrow Saddam. The Washington Post quoted the US Defence Secretary Donald H. Rumsfeld as saying that the international economic sanctions and the no fly zones had all failed to contain Saddam. The Defence Secretary also admitted that international traders eroded sanctions. Containment did not do the job according to Rumsfeld: "There is no way any reasonable person could look at that record and say that it's (containment) worked, it hasn't worked."<sup>421</sup>
2. Economic sanctions have had a devastating impact on a largely blameless powerless civilian population. Innocent Iraqi women, children and elderly were suffering and dying as result. The sanctions became the source of hardship for ordinary Iraqis. Sanctions became an instrument for disaster, while the Iraqi regime was left untouched. Internationally this resulted in the erosion of support for the embargo against Iraq. A strong international activist network emerged in the West and the Arab world, campaigning against sanctions. Therefore, the United Nations and the United States came under constant moral pressure to change its policies towards Iraq.
3. Iraq succeeded in destroying UNSCOM. The UN inspectors were lied to, misled, and obstructed. Saddam even humiliated the United States by expelling American members of UNSCOM only and exposed evidence to the world that the UN team were spying to the advantage of the American and the Israelis. This shook UNSCOM, USA and UN credibility in the Arab world in particular and the international community in general. By losing UNSCOM as the eyes and ears of the West in Iraq, the United States lost its ability to monitor and verify Saddam's weapons programmes. It was clear that sanctions could not push Iraq to comply with UNSCOM or the subsequent UN/US demands to readmit them back,

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<sup>421</sup>Bradley Graham "Containment Has Not Eased Iraqi Threat, Rumsfeld Says" Washington Post, Saturday, August 10, 2002; p.A05.

including the new replacement to UNSCOM, the so called UNMOVIC (United Nations Monitoring, Verification, and Inspection Commission) which was established by the Security Council Resolution 1284, and adopted in December 1999. Iraq thus succeeded in resisting for four years any pressure to accept and allow the new UN commission for monitoring and disarming Iraq's WMDs. There was no doubt this very situation created an additional dilemma for the Security Council, who remained divided for many years on how to reach a Resolution to the crisis. Many started calling for bargaining with Saddam, and others called for lifting of sanctions altogether. This only added more political pressure on the United States and the United Kingdom in the UN.

4. Economic Sanctions were becoming unsustainable. With Arab and Western countries and companies flouting the sanctions, not only on a moral basis but also on the basis of their commercial interests, the sanctions' regime was falling apart. The basis for flouting the sanctions was strengthened by the need for Iraqi oil in world markets. Commercial interests pushed the Europeans and Arabs to pursue a different strategy from that of the Americans towards Iraq. In a nutshell, the Europeans and Arabs maintained a profitable relationship with Iraq with a substantial diplomatic presence. The EU and many other countries started calling for an engagement policy in which political and economic incentives, including the total removal of sanctions, were the core principles. Washington was not able to persuade most other nations including its traditional European friends that Saddam must be removed or even be placed under sharper economic penalties. This all added to Saddam's internal strength, as he appeared in front of his people to be winning the war of sanctions despite all the odds.
5. Saddam remained defiant and entrenched in power, and succeeded to counter possible strong internal threats to his regime. This was further evidence that he portrayed sanctions as an external threat that only weakened his people. This presented the world with the grim picture that Saddam was there to stay and the world had no choice but to deal with



him. Sanctions also failed to enhance democracy or human rights in Iraq or even generate a strong internal opposition to Saddam's rule.

6. After more than twelve years and dozens of confrontations with the United States, in addition to the regional developments of the Middle East, particularly with respect to the Palestinian *Intifada*, Saddam succeeded in portraying a perception among the Iraqis and the Arabs that the outside world especially the United States and Israel, was trying to subvert Iraq and harm Arab and Islamic interests. Saddam used the Palestinian issue in that regard. He claimed that they were subjected to America's military retaliation and economic sanctions because his regime subscribed to a pure and genuine national and pan-Arab project for Iraq, Palestine, and the Arab world. Thus with every confrontation, the United States was seen as powerful country trying to avenge and strike an Arab nationalist regime. In addition to the large trade and illicit smuggling, all which helped in rehabilitating Iraq back to the Arab fold.
7. The Iraqi regime had not moved toward accepting any of United States' major demands. Instead, Saddam always stayed defiant and looked for confrontation all the time. Thus, the sanctions' regime had clearly not had its desired effect of changing Saddam behaviour, even when was coupled with military threats and actions like Desert Fox attack on Iraq in December 1998.

The United States found itself caught between collapsing sanctions and international moral and business pressure to lift sanctions altogether. The United States wanted to reenergize once again a large international participation and agreement on Iraq's policy. So they came up with a new alternative to the comprehensive economic sanctions: "Smart" sanctions – a more targeted form of sanctions that focused strongly on arms and weaponry and allowed more legal trade in civilian goods. The new approach also called for the frontline states, i.e. Turkey, Syria, Iran and Jordan, to monitor their borders more strongly against smuggling goods and oil from and to Iraq. This was to be done through allowing more UN troops to be stationed along each sovereign state's borders to implement

the smart sanctions. In other words, without the frontline states' full and true cooperation, smart sanctions would fail. The United States wanted, through the new sanctions initiative to tighten the land and sea borders, destroy Saddam's new smuggling networks, and improve its tarnished public diplomacy.

However, Ankara, Damascus and Amman strongly rejected the smart sanctions' plan, while Russia, who had taken the lead in opposing the proposal at the UN, threatened to use its veto power against smart sanctions in the Security Council. They saw little benefit in having the UN to monitor strictly again their new trade and commercial gains with Baghdad. They saw this as American meddling in their national and economic interests, especially when Baghdad numerous times threatened any neighbouring country that complied with an immediate cut in their special trading status and also in oil supplies. They also saw this as replacing their demands to put an end once and for all to sanctions, and they viewed the smart sanctions plan as a way to keep sanctions on Iraq permanently, thus harming their current and future trade, oil deals, and commercial relations.

Despite many discussions and negotiations with such countries as France, Russia and Turkey, not to mention much of the Arab world, all efforts to convince them to tighten their border controls and drastically reduce their trade with Saddam had failed. Therefore, the US and UK decided to compromise on their original smart sanctions plan, having failed to achieve their objectives and particularly that of border controls. Thus the original context had to change. Only after that they reached a compromise with Russia, a staunch ally of Iraq and one of the five permanent members of the UN Security Council, who was continually calling for suspensions of sanctions altogether. This new plan did not have the border controls' issue mentioned in it at all. This was very significant as the borders remained porous and illegal trade and oil smuggling remained thriving. Moreover, the political and strategic ties between the neighbouring countries and Iraq were not curtailed by that move either.

Ironically however there was concessions to Saddam and the trade lobby in that agreement, the new sanctions' system approved and advocated for the first time the speeding up of approval of civilian goods contracts in the UN so that they



could reach Iraq more quickly, while evaluating separately dual use goods - goods that can be used for civilian and military use at the same time. The new proposal, which was accepted and passed by all the Security Council members, lifted restraints on Iraq's imports of civilian goods but hoped to tighten controls on the inflow of materials that could be used for military purposes through the dual use goods list, to do that, they enshrined a new list of 300 pages (dubbed GRL or Goods Review List) listing all the goods that had dual uses. UNIMOVIC and the IAEA experts would evaluate these goods. Goods, which were not on the list, would only need a 10-day review by UN officials before being able to go to Iraq. This all was passed unanimously on 14 May 2002 in a new UN Resolution 1409.<sup>422</sup>

Colin Rowat, from the University of Birmingham, UK, wrote in the Middle East Economic Survey, describing the Security Council Resolution 1409: "The principle innovation of the Resolution is to move some control over the approval of Iraqi imports from the 661 Iraq Sanctions Committee-the Security Council members-to UN weapons experts. Prior to the GRL, 661 Committee members scrutinized all contracts (except those containing only 'green list' items) to determine whether they contained 'dual use' items. Now, UNMOVIC and the IAEA-the weapons' experts-rule on this, with the 661 Committee only reviewing applications if the experts find that they contain items on the GRL."<sup>423</sup> Yet US and UK diplomatic pressure failed to secure Security Council acceptance for the smart sanctions proposal. The Economist wrote: "For once, Saddam Hussein can justly declare victory. His mortal foes, America and Britain, had been plotting to tighten the 11-year siege of his regime by making United Nations sanctions "smarter". But the threat of a Russian veto at the Security Council scuppered months of inter-continental haggling. This week, the old "dumb" sanctions were extended unchanged. The smart ones may now be sunk for good." The Economist added: "More happily for Iraq's rulers, the prolonging of the current system preserves the breaches they have systematically poked through the sanctions wall. The growing gaps sustain a thriving underground trade which, together with

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<sup>422</sup> United Nations Resolution 1409,  
[www.tradeprism.com/library/pups/docs/sanctions/Iraq/iq050200](http://www.tradeprism.com/library/pups/docs/sanctions/Iraq/iq050200)

<sup>423</sup> Colin Rowat "Iraq Sanctions' Saga Continues" Middle East Economic Survey 11 June 2002.



kickbacks and surcharges in some legal contracts, is by now thought to be worth about \$3 billion a year. This is still far less than the \$18 billion that earned last year from its legal oil sales.”<sup>424</sup>

The problem remained: Iraq’s borders and illicit trade were not hindered by this new system. It is very vital to note here that the United States was unable to get frontline states’ cooperation on border control and curtailing illicit trade, smuggling routes, or even downgrading their trade volumes with Baghdad, which instead continued to increase and grow in billions of dollars. All in all, the search by the United States for a new form of sanctions, and specifically the talking of making sanctions smarter, proved that the old sanctions’ regime was dead and ineffective.

Thus, Cortright and Lopez conceded that the American and the British had no other choice but to make further concessions to rescue what was left whilst hoping that they could rebuild tight sanctions and consensus on Iraq again by introducing the concept of smart sanctions: “By the fall of 2000, US and British policymakers recognized that the sanctions policy in Iraq had reached a crisis point and that major change would be necessary.”<sup>425</sup> However, the opportunity for the strengthening of sanctions’ policies vanished by Russian rejections and threats of veto, and France’s defiance of an outright Anglo-American dominated world. A long term stalemate was the result in the Security Council on Iraq.

The region refused smart sanctions. Why should they not? According to Cortright, Millar and Lopez: “the general deterioration of compliance with the existing UN sanctions among some member states and frontline countries makes any plan for the adoption and implementation of restructured sanctions an uphill struggle. Because the rewards of providing illegal goods and technologies to the government of Iraq are high, no system of military and dual-use isolation will be fully adequate.”<sup>426</sup>

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<sup>424</sup> “Sanctions On Iraq: Smart Exit” The Economist 7 July 2001.

<sup>425</sup> Cortright & Lopez (2002), p. 34.

<sup>426</sup> David Cortright, David Millar & George Lopez (eds.) Smart Sanctions: Targeting Economic Statecraft (Rowman and Littlefield, 2002), p.221.

However, an event never crossed the mind of the best strategists and policy makers occurred on the 11<sup>th</sup> of September 2001. The terrorist attacks in the United States of America were an awful human tragedy; at the same time, they changed the game of international relations and affected the Iraq case heavily. Since then the US viewed Saddam as a great danger to their national and security interests because of mounting challenges to its Iraq policy and the erosion of economic sanctions. This had been increased by the failure of the containment policy and the comprehensive economic sanctions, and the lack of weapons' inspectors on the ground. From a US view, Saddam had to go and his weapons had to be monitored and disarmed. The coming two sections will explore how Iraq's friends at the UN and the Arab region fought hard to not grant the US legitimacy for an attack to change the regime in Baghdad in order to keep the status quo where they were benefiting from trade and oil concessions from Baghdad.

## 7.2 September 11 and the sanctions dilemma

The 9/11 terrorist attacks in the United States pushed the American administration to formulate a new world strategy towards difficult states. “We have reached a point in history when the margin for error we once enjoyed is gone...the cost of underestimating the threat is unthinkable,” US Minister of Defence, Donald Rumsfeld told a EU Security Conference.<sup>427</sup> Understandably, America could not afford to sit on the sidelines any longer. They saw the sanctions on Iraq collapsing, nations trading and engaging with Iraq reaching in many ways the levels of that of before 1991 Gulf War; at the same time, the weapons' inspectors were absent from the ground for four years. This all required a new world and a new deal. Saddam was no longer the weak man whose job was only to keep Iraq united until a palace coup could take place. He had to be removed in the eyes of the Americans. Washington started to re-examine its traditional approach to difficult states including that of Iraq. They found out that sanctions had collapsed, and that Saddam was trading more freely and smuggling out side UN eyes. They realized that Saddam had managed to build strong obstacles for the American agenda in the UN through the Iraq's friends, which even threatened to use the veto. This lobby also had different economic and strategic interests to America, and they also noticed that the sanctions had created world-wide sympathy for Iraq, which had been inspection-free for more than four years. 9/11 was thus a big turning point in the relations between Iraq, America and the United Nations.

The 9/11 attacks disturbed the balance of power in the UN between the pro-Iraqi lobby and the United States, and made the US seek a bolder solution to the Iraq issue. Under this new American policy, Iraq, Iran, and North Korea were placed under what the American called the “axis of evil”. From the second day after 9/11, the Bush administration and the American media started considering Iraq a target of any American response to change the status quo and regain the balance of power. For more than a year and half, discussions and debates ensued in the US, UN, and other quarters in the world. During this time, the United States was urging for a more coercive strategy towards Saddam's regime, in what was later

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<sup>427</sup> BBC, 8 February 2003.



known as the Bush pre-emptive doctrine. Almost all the UN members expressed dismay and doubts about the wisdom of this new doctrine. The American administration faced constant challenges to and refusals of this doctrine, especially against the unilateral action and regime change elements of it.

The American administration also faced wide negative public opinion in the forms of large demonstrations in the United States itself, the United Kingdom, Italy, Turkey etc...The pro-Iraqi lobby inside the United Nations pushed the United States-who were thinking of an immediate pre-emptive unilateral action against the possible threat of Saddam's WMDs-to listen to the international demands of dealing with the sensitive subject of Iraq in a more diplomatic and peaceful ways. The United States therefore agreed to walk the extra mile and work through the United Nations Security Council to formulate a strategy towards Iraq's weapons of mass destruction.

Nevertheless, the United States accused the United Nations of incompetence towards the Iraq issue, by acknowledging that, for the first time, the UN had failed to isolate and weaken the Iraqi regime. President Bush spoke to the UN General Assembly, stating:

Delegates of the General Assembly, we have been more than patient. We've tried sanctions. We've tried the carrot of "oil-for-food", and the stick of coalition military strikes. But Saddam Hussein has defied all these efforts and continues to develop weapons of mass destruction...Iraq has answered a decade of UN demands with a decade of defiance. All the world now faces a test, and the United Nations a difficult and defining moment. Are Security Council Resolutions to be honoured and enforced, or case aside without consequence? Will the United Nations serve the purpose of its founding, or will it be irrelevant?...The purposes of the United States should not be doubted. The Security Council Resolutions will be

enforced. The demands of peace and security will be met—or action will be unavoidable.<sup>428</sup>

The call from the American President to the United Nations to act on its responsibilities and enforce its own Resolutions demanding Iraq's disarmament came twelve years too late.

Application of pressure and trade offs started pouring from the United States on the UN members to gain their compliance. This can be seen reflected in Bush statements to Russia's NTV television "We fully realise that Russia has economic interests in Iraq, as do other countries, of course, and these interests will be taken into account."<sup>429</sup> However, this did not work, as will be clear from the preceding sections. In sum, the de-containment that resulted in the collapse of the multilateral comprehensive economic sanctions on Iraq before September 11 was problematic and a blow to the US efforts to keep effectively Saddam "in his box"; The US found itself increasingly more isolated on Iraq. However, after the terrorist attacks in Washington and New York, America and the world were entering the new millennium with new enemy and a new threat. Thus, the post-September 11 environment witnessed a more assertive America foreign policy.

After eliminating the direct threat of the terrorist's bases in Afghanistan, America moved immediately to the collapsing sanctions on Iraq. It first tried to place immense pressure to make other nations cooperate to reenergize sanctions and push Saddam to fully cooperate however, the US realized that these efforts were not successful to bring again as in 1991 a multilateral cooperation to contain or remove Saddam from power.

The sanctions had collapsed, Saddam was not contained, his regime was not changing his behaviour or even collapsing, and the world resented America's Iraq policy. It was difficult to fashion a multilateral consensus similar to that found by

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<sup>428</sup> President's Remarks at the United Nations General Assembly. Press Release, Office of the Press Secretary, The White House, [www.whitehouse.gov/news/releases/2002/](http://www.whitehouse.gov/news/releases/2002/), September 12, 2002.

<sup>429</sup> Reuters, 21 November 2002.

the US in 1991. Thus the only best way for the United States of America to best advances its objectives of eliminating a regionally and internationally rehabilitated Saddam was through his ouster from power through a large scale military invasion.

### **7.3 Resolution 1441: Security Council showdown**

After long debates and many compromises, France, Russia, the Arab world and the United States reached a deal. All these nations, and after more than eight weeks of heated debates, agreed on a compromise in the form of a new UN Resolution: Resolution 1441. The pro-Iraq lobby at the UN knew that they could not practically stop America from unilaterally attacking Iraq, but they tried to put the breaks on that American drive. They had hoped that Saddam would help their argument by complying fully with UN demands. The only hope for them was through placing more constraints on the Americans inside the UN.

Even though initially the American decision to work with the international community on Iraq drew a positive reaction from the permanent members of the Security Council, France proposed-and was later supported by Russia, Germany and China- a two-step plan for resuming inspections, backed by the threat of heavy consequences if negative compliance came from Baghdad. The Bush team initially rejected that idea, but had to agree on the two-step plan later as France and Russia remained adamant. They opposed the immediate use of military force if Iraq violated or obstructed the UN weapons inspection force. Thus, a compromise was reached through Resolution 1441, which obliged the United States to go back to the Security Council and discuss any violation from Iraq before deciding on using the military option. Iraq's friends inside the Security Council maintained that only the Security Council and not the United States could decide what punishment should be inflicted on Iraq should it fail to comply.

Also it remained vague as to what would constitute non-compliance. "Any actions bypassing the UN Security Council should be regarded as a violation of international law," said Russian Deputy Foreign Minister Yury Fedotov, warning



the United States not to use 1441 as a Resolution for war.<sup>430</sup> China and France too wanted to see the Iraq issue settled within the framework of the United Nations. When the United States wanted to include Iraq's shooting at American/British warplanes in the no fly zones as a violation of Resolution 1441, France, China, Russia and even Britain, and UN Secretary General Kofi Annan all objected and considered it a non-violation to Resolution 1441.

Another example of the power of the pro-Iraqi lobby at the UN was shown in the thorny issue of the declaration that Iraq must submit to the UN on its inventory of weapons of mass destruction. President Bush said, "Should he again deny that this arsenal exists, he will have entered his final stage with a lie, and deception this time will not be tolerated. Delay and defiance will invite the severest consequences." However, UN diplomats from the Security Council members believed this should not be enough by itself to trigger a war.<sup>431</sup> Saudi Arabia's Foreign Minister Saud al-Faisal said "The Arab states have done all they can to diminish the threat of war and Iraq has agreed to the coming of inspectors," He added that: "The matter logically suggests that the spectre of war has been distanced." His Lebanese counterpart, Mahmoud Hammoud, said: "Who can prevent the United States from striking Iraq? Not me and not you," He added "But the Resolution created a framework for dealing with the issues of Iraq, and it remains the basis."<sup>432</sup>

The French President, Chirac, said on 22<sup>nd</sup> November 2002 that it was not for President Bush to decide or define what would be a violation by Iraq.<sup>433</sup> The Russian President Putin, who demanded President Bush to stay within the parameters of the 1441 Resolution and not to act alone, echoed the same sentiment.<sup>434</sup> Thus, one can conclude that UN Resolution 1441 opened the door for a political solution, when it insisted that only the UN could decide whether Iraq had made a breach of the UN Resolution or not and what consequences to take right after. This Resolution was widely seen as a declaration for peace with

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<sup>430</sup> AFP, 15 November 2002.

<sup>431</sup> Reuters, 20 November 2002.

<sup>432</sup> Reuters, 21 November 2002.

<sup>433</sup> Al-Hayat, 23 November 2002, p.1.

<sup>434</sup> "Putin Warns Bush Not to go it Alone on Iraq" Chicago Tribune 22 November 2002.

the hope from the Iraqi lobby of putting war further away. However, this remained in the hands of Saddam to cooperate fully with the Resolution. What constituted a breach and who decided that and how to react to it were questions that were lingering, even after the Security Council had accepted the Resolution.

Also, the wording of the Resolution's original draft was amended three times in the eight weeks of discussion. The policy differences and divergence in interests and tactics between the United States of America on the one hand, and that of the European Union, Russia and, to a lesser extent, the Arab world and China, had reflected itself clearly again in that Resolution. Once again, Iraq became the battle ground between the big five and other UN members for shaping the strategy for the new world order after 9/11.

In a surprise move, Saddam accepted the Resolution, placing the United States in political trouble by delaying its plans even further to overthrow him, giving him more time to manoeuvre but also giving the pro-Iraqi lobby inside the UN a significant political boost to continue putting on the brakes to any American military plans.

Almost immediately the rewards came for Saddam from two big nuclear powers on the international scene, which were trading with Iraq extensively: Russia and India. They warned against unilateral US use of force against Iraq at a unique meeting between Russian President Putin and Indian Prime Minister Vajpayee, who declared "Both sides strongly oppose unilateral use or threat of use of force in violation of the UN charter as well as interference in the internal affairs of other states."<sup>435</sup>

International civil society groups also played a key role in mobilizing the street against war as they did against sanctions. Huge demonstrations on the 28 September 2002 took place, when some 200,000 marched in London to protest a potential attack on Iraq while similar demonstrations were held in Italy, Germany, Australia and even the United States.

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<sup>435</sup> Reuters, 4 December 2002.

The Pew Research Centre, based in Washington, found that the majority of the French, Germans and Russians totally objected to a new Gulf War, while they found out that the United Kingdom were divided on that issue. At the same time, they found that 83% of Turks were opposed to any possible Turkish government approval of the use of its bases by American troops for any Iraq attack. This report of course only reflected even further the transatlantic differences.<sup>436</sup> Saddam saw this anti-war movement building up around the globe and it gave him another reason to accept 1441 to further fuel this movement against the war. He said on December 22<sup>nd</sup> 2002: "The world should tell America now there is no need for more aggression and sanctions on Iraq in order to let it cooperate freely (with the UN)."<sup>437</sup>

After more than 24 days on the ground and more than 130 suspected sites visited with nothing found, Saddam went further with his surprises with a motive to embarrass the Americans even more and give more ammunition to his friends in the UN Security Council notably France, Russia, China, by openly inviting CIA agents to come inside Iraq and freely guide the UN weapons' inspectors to the suspected sites if they wished.<sup>438</sup> The United States refused the offer and said that Saddam should respect instead all UN Resolutions.

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<sup>436</sup> Julian Borger "Bush Fails to Win Over Sceptical Europeans" The Guardian 5 December 2002.

<sup>437</sup> Reuters, 22 December 2002.

<sup>438</sup> Ibid.



## **7.4 Four months later: no choice but war**

This thesis explained how and why containment in the form of comprehensive sanctions was no longer effective. Thus, the United States, after 12 years of failures, was left with few good policy options regarding Iraq. The option of a pre-emptive strike to topple Saddam, with the hope that they could rebuild Iraq back and provide prosperity and peace for its people and the entire region was the only option. Bush realized that the previous American administrations had failed to contain or overthrow Saddam's regime or even to make him comply with all his obligations under the UN sanctions' Resolutions. They had also been unable to break the formidable pro-Iraqi lobby inside the UN, and they realised that containment, as a policy, had failed. Thus after 9/11, the US needed to take a different approach: the military option to overthrow and disarm Iraq once and for all. This section account for how the last few months before the war saw greater divisions between the allies on Iraq. The failure to maintain a united and effective containment on Iraq during the sanctions years had reflected itself in the power struggles in the UN on Iraq.

Simply, while the world enjoyed good relations with Baghdad, the United States could not live with an "Un-sanctioned Saddam" who had successfully traded with the world and had made further diplomatic gains. They could not live with Saddam enjoying all these economic and political advances with the UN weapons inspectors' absence from the ground in Iraq for four years. They had no other choice: they had to take action or live with the status quo mentioned throughout this thesis.

The game of placing obstacles in front of the US drive to remove Saddam from power continued. The Iraq-trade partners as well as the NGO's and civil societies through organizing demonstrations around the world played a big role to buy Saddam some time with the hope of avoiding war. France, Russia, Germany, China, India, Belgium, Austria, Sweden, Greece, Finland and the countries making up the Arab world, with the very exception of Kuwait, have all lobbied against war and regime change in Baghdad. The French Foreign Minister

Dominique de Villepin made this clear: "Some American analysts have this idea of a virtuous circle—we'll intervene military in Iraq and, by magic, the region's problems will calm down...That's not the idea we have." The Greek Foreign Minister, George Papandreou, remained adamant against the American quest to change the regime in Baghdad: "I am sceptical of those that say that imposing democracy and changing the regime in Baghdad can solve the issue not only there but in the wider Arab world."<sup>439</sup> The Belgian Prime Minister, Guy Verhofstadt, asserted that his country was not in support of any war that was for the sake of changing a regime: "Nobody is really convinced that it should be fought...order in this world should be based on unilateral action but on rules agreed on within the international community."<sup>440</sup> Reflecting the general European scepticism, the European Parliament also had its say through a Resolution "calling on the United States not to take unilateral military action against Iraq and instead called for the United Nations to find a peaceful solution to the crisis."<sup>441</sup> However, the anti-sanctions and war camp did not provide the United States with an alternative that could genuinely re-energize the containment policy and the multilateral cooperation on Iraq. They simply were happy with the status quo believing that rehabilitating Saddam slowly through trade and incentives will ultimately work.

At the UN, pressure was put on the US to grant more time to the weapons inspectors and allow diplomacy a chance for a peaceful Resolution. "The majority in the Council is in favour of giving more time to the inspectors, as long as the prospect...of the disarmament of Iraq through peaceful means exists, we have to continue," said French Ambassador Jean-Marc de la Sabliere.<sup>442</sup>

Saddam was winning the diplomatic battle of stripping the US of its allies to fight a war and in delaying that war. Most of the European public and governments believed that Iraq's weapons were not a justification for war and that the arms' inspection regime under UN Resolution 1441 would be enough to disarm Saddam and bring peace without the need for using force. Anti-war sentiment in the Council as well as in the street grew heavier by the day. "Key members on the UN

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<sup>439</sup> Reuters, 30 January 2003.

<sup>440</sup> Xinhua News Agency, 28 January 2003.

<sup>441</sup> AP, 30 January 2003.

<sup>442</sup> AP, 30 January 2003.

Security Council said Wednesday that the United States had so far failed to convince them that time had run out for a peaceful Resolution to the crisis with Iraq. At a crucial council meeting a day after President Bush's state of the Union speech 11, of the 15 members supported giving more time to weapons inspectors to pursue Iraq's peaceful disarmament."<sup>443</sup> Even India continued to stand against war to topple Saddam: "We have said we are not going to support war (on Iraq). This is the principled stand. It has nothing to do with the relations with the US."<sup>444</sup>

Pressure increased from various religious and civil society groups to lift the sanctions and prevent a war. Opposition was growing inside the United States itself with public demonstrations and many Church leaders stood against any war. Bishop Melvin G. Talbert, Chief Ecumenical Officer of the United Methodist Church in the USA, said in an anti war advertisement: "Iraq hasn't wronged us. War will only create more terrorists and a more dangerous world for our children." This advertisement was paid for by \$1 million donated by US organizations and celebrities to make the case against war.<sup>445</sup>

The United Kingdom, who was seen by many analysts as playing a moderate factor on US enthusiasm to topple the dictator of Iraq, suggested a number of ideas, in an attempt to convince the Bush administration to actually seek a second UN Resolution after 1441. After Tony Blair met with George Bush on the 31 of January 2003, the Guardian newspaper spoke of an agreement to grant reluctant European and Arab states the time to come on board and form a coalition of nations similar to that of the 1991 Gulf War. "Tony Blair and George Bush yesterday agreed to give the UN weapons inspectors and the intelligence agencies as long as six weeks to persuade a sceptical France and Arab countries to come on board for military action against Iraq." The newspaper added: "In talks at the White House Mr Blair impressed on the Americans that European public opinion, including in Britain, will not back a war without an explicit second UN Resolution."<sup>446</sup>

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<sup>443</sup> AP, 29 January 2003.

<sup>444</sup> Xinhua News Agency, 31 January 2003.

<sup>445</sup> CNN, 1 February 2003.

<sup>446</sup> "Saddam gets six more weeks" The Guardian, 1 February 2003.



Showing impatience with the intensifying anti-Americanism amongst EU statesman and European public, the Bush administration decided to retaliate by calling France and Germany part of the “old Europe” and the arms inspection teams as “irrelevant”.

Europe and the regional states had managed to push the United States down the road of negotiating for UN Resolution and playing the game of multilateralism. However, they also tried to push the US to negotiate a new UN Resolution beyond 1441.

Many statements after 1441 reflected the mood in Washington, also indicating that the United States wanted to set the rules this time and that diplomatic action was closing. “Multilateralism cannot become an excuse for inaction.” Powell declared.<sup>447</sup> He even announced: “inspection will not work,” adding, “It’s the scepticism that we had all along...How much longer should inspections go on? One month, two months, three months? What will be the difference if they are simply trying to get time in order to frustrate the purpose of the inspections?”<sup>448</sup> At the same time, Donald Rumsfeld stated: “The only way the inspectors can find anything is if the Iraqi government cooperates and shows it to them. Inspectors can’t find things. They can only inspect what they’ve been shown,”<sup>449</sup> while Bush conceded, “In my judgment you don’t contain Saddam Hussein.”<sup>450</sup> Acknowledging that sanctions and inspections could not attain their goals of disarming or weakening Saddam, Britain’s Prime Minister Tony Blair told Parliament, two days after returning from the United States and what was called the “war summit”: “We are entering the final phase of a 12-year history of the disarmament of Iraq.”<sup>451</sup>

On the 14<sup>th</sup> February, the Security Council, and with it nearly the entire world, listened to Hans Blix’s report that spoke of increased Iraqi cooperation with his inspections’ team and that his team had failed to find weapons of mass destruction

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<sup>447</sup> CNN, 26 January 2003.

<sup>448</sup> Julian Borger “Impatient Powell Says Inspections Will Not Work” The Guardian 23 January 2003.

<sup>449</sup> CNN, 19 January 2003.

<sup>450</sup> AP, 29 January 2003.

<sup>451</sup> Reuters, 3 February 2003.

inside Iraq. Even worse, he declared that some American information on Saddam's weapons was not real and called the weapons' inspectors' findings consistent with Saddam's weapons' declaration. Blix's testimony only increased the rift inside the Council and added more ammunition to the camp opposing war inside the UN and among the masses worldwide. It was another embarrassing setback for American diplomacy inside the UN on Iraq. The second day after Blix's report, the world demonstrated, with millions taking to the street, placing more pressure on governments not to go to war.

After Blix's report, more than 7 million people took to the streets in one single day to protest war in nearly 600 cities around the globe; they were organized by various religious groups and NGO's. They were trying to place pressure on the Bush administration to delay war and give inspections more time to disarm Iraq peacefully. Jack Straw, United Kingdom Foreign Minister, commented on these demonstrations: "Yes there was a very, very big demonstration, probably the biggest one we've seen in our recent democratic history in London on Saturday...We have to take account of public opinion."<sup>452</sup> Opposition to the war against Iraq came even from celebrities like Martin Sheen, Mike Farrell, Tim Robbins, Rob Reiner, and Barbra Streisand and others, who paid for television advertisements against the war. Musicians like Lou Reed, Sheryl Crow, Massive Attack, and REM were against the war too.<sup>453</sup>

The anti-American camp wanted to disarm Saddam peacefully, which, given Saddam's nature and track record of cheating the weapons' inspectors and his skills in hiding and moving these weapons, seemed incredible. The world opposition to the war of liberation seemed to naively play into Saddam's hands, allowed him time to manoeuvre with the hope of surviving another day. They tended to forget the moral and human grounds of such a war, that would liberate the Iraqis-the very people the 'peace movement' claimed to be trying to save from US bombs-from decades of dictatorship, sanctions, and agony.

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<sup>452</sup> BBC, 17 February 2003.

<sup>453</sup> "Thousands of Americans Want to Oust Their President, the Anti War One, That Is" The Guardian, 4 March 2003.

In another form of pressure on the United States, The EU held an emergency summit on Iraq, and decided that inspectors should be granted more time to do their job. Unlike in 1991, in 2003 the majority of European and almost all UN members' states stood against issuing a green light for the United States to strike Iraq. It was very difficult for the US to convince other countries to allow it to disarm Saddam by force. The US wanted the UN to declare Saddam in "material breach" and none of these countries had given that declaration. Contrary to the wishes of the US, these countries actually insisted that inspections were working in Iraq and that war was not necessary. The Belgian Foreign Minister, Louis Michel, said: "We think the conditions are not there to authorise, to justify an American attack,"<sup>454</sup> while the Vatican Foreign Minister, Jean-Louis Tauran, called any attempt to attack Iraq without UN full support "a crime against peace."<sup>455</sup>

At the same time, German Foreign Minister Joscha Fisher, not convinced by US evidence on Iraq, said: "I cannot go to the public and say these are the reasons because I don't believe in them."<sup>456</sup> France, a staunch power against a US war proposed the strengthening of the inspections teams in Iraq. Their Foreign Minister, de Villepin, suggested: "Let us double, let us triple the number of inspectors. Let us open more regional offices. Let us go further than this, could we not, for example, put up, set up, a specialized body to keep under surveillance the sites and areas that have already been inspected? Let us very significantly reinforce the capacity for monitoring and collecting information in Iraq."<sup>457</sup> China was following the projectionist camp too: "It is the universal desire of the international community to see a political settlement to the issue of Iraq within the UN framework and avoid any war," said Chinese Foreign Minister Tang Jiaxuan.<sup>458</sup>

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<sup>454</sup> BBC, 6 February 2003.

<sup>455</sup> BBC, 24 February 2003.

<sup>456</sup> BBC, 8 February 2003.

<sup>457</sup> AP, 5 February 2003.

<sup>458</sup> BBC, 6 February 2003.



The Russian Federation Foreign Minister, Igor Ivanov, again threatened to use his country's veto power at the UN Security Council if the US tried to pass a war Resolution: "Russia has the right to a veto in the UN Security Council and will use it if it is necessary in the interests of international stability...Russia will not be in favour of any new Resolution which allows the use of military force directly or indirectly to solve the Iraqi issue."<sup>459</sup> Hence, this was the second time Russia threatened with the veto to aid Iraq.

The situation got even worse on the 10<sup>th</sup> February between the P-5, when the United States asked NATO to grant protection to Turkey in case war started, and Belgium, France, and Germany used the veto power inside NATO against the US request.<sup>460</sup> Two days later, France, Germany and Belgium rejected a scaled-down US request to assist Turkey when war started.<sup>461</sup> Such a division amongst the alliance had never been seen since the end of the Cold War. According to Nicola Gnesotto, of the European Institute of Security Studies, in Paris "This goes beyond bilateral problems. NATO is in trouble. The EU is in trouble and the UN is in trouble," he added, "If the United States goes ahead without a Security Council mandate, it wouldn't just be the end of transatlantic relations. It would be the beginning of a new world."<sup>462</sup>

After Blix's other report on Iraq, which looked little in favour of Iraq, another Security Council meeting ended up dividing the permanent members more: "A security Council meeting on Iraq ended in bitter disagreement Thursday with Council members unable to agree on basic issues such as a timetable for weapons inspectors to report next to the council. Diplomats described a terrible atmosphere within the council, which met behind closed doors for four hours Thursday."<sup>463</sup>

On 1<sup>st</sup> March, to the shock of many, the Turkish parliament rejected the Turkish government proposal to allow US troops to attack Iraq from Turkish soil. This complicated even further the US push to win UN support for war. And all through

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<sup>459</sup> AP, 28 February 2003.

<sup>460</sup> AFP, 10 February 2003.

<sup>461</sup> AP, 12 February 2003.

<sup>462</sup> Reuters, 12 February 2003.

<sup>463</sup> AP, 27 February 2003.

March, France and Russia continued to threaten the use of their UN veto power against any UN Resolution explicitly or implicitly authorising military action against Saddam.

On the face of it, the United States looked frustrated by the delays and obstacles placed by the French, Germans, Belgians, and the Saudi Arabians, and thus appeared ready to go it alone. The problem was the absence of what the US liked to call “the will of the international community” on Iraq. The international community, in fact, was even more divided than ever, both sharply and deeply, about any more sanctions on Iraq or regime change in Baghdad. The world had looked more worried about “reckless American unilateralism” than Saddam’s weapons and lack of democracy in Iraq. By early February 2003, the United States could not win the argument for war and it looked like Iraq was still able to divide the Security Council and world public opinion over inspections, sanctions, and regime change, as was the case during the sanctions decade.

After having 923 inspections carried out across Iraq since their start in November 2002, and with 180 teams worked for the UN inspection inside Iraq, in addition to the U2 surveillance flying above to monitor Iraq’s ground and underground activities,<sup>464</sup> United States Defence Minister, Donald Rumsfeld declared that inspections were dead and stated that it was hard for the inspectors to succeed: “Every single thing he does that could be cited as co-operative was after some long period of denying, of refusal to do it, and ultimately a willingness to do part of it...It is such a reluctant process that it would be take so many years to ever really believe you’d done the task of disarming.”<sup>465</sup>

On 22<sup>nd</sup> February 2003, the US president announced that: “Time is short...this is chance for the Security Council to show its relevance.”<sup>466</sup> He later stated: “If the Council responds to Iraq’s defiance with more excuses and delays, if all its authority proves to be empty, the United Nations will be severely weakened as

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<sup>464</sup> CNN, 9 March 2003.

<sup>465</sup> BBC, 4 March 2003.

<sup>466</sup> BBC, 22 February 2003.

source of stability and order.”<sup>467</sup> In March he added: “I believe Saddam Hussein is a threat to the American people. I believe he’s a threat to the neighbourhood in which he lives... As we head into the 21st Century, when it comes to our security, we really don’t need anybody’s permission.”<sup>468</sup> The United Kingdom, Spain and the United States hoped to introduce a Resolution at the UN that would authorise them to disarm and overthrow Saddam’s regime. At meetings before voting for that Resolution, the three powers realized that the majority of the UN Security Council members were against removal of Saddam by force and for granting more time for UN inspections.

On the 16<sup>th</sup> March 2003, the US, UK, and Spain met in the Portuguese islands of the Azores, a meeting which was later known as the Azores Summit. The summit declared that it was withdrawing the British-US-Spanish Resolution in the UN because of the French and Russian threats of veto. Colin Powell, US Secretary of State, referred to the threats of veto by UN member states, said: “it is unfortunate that there are members of the council who say ‘give it more time, give it more time’ and the inspections are working.” He declared: “the curtain is coming down now. We can’t continue to go like this.”<sup>469</sup>

However, France, who had campaigned to deny Washington a clear UN authority for a war with Iraq and helped block NATO support for Turkey, remained adamant. Chirac told the US that his country would veto any Resolution that legitimised war with Iraq. He asserted: “Iraq today does not represent an immediate threat that justifies an immediate war.”<sup>470</sup> France was not alone in objecting to war: so were Russia, China, Africa, the Arab world, and Latin America members at the UN Security Council.

After 114 days of inspections and 1000 inspection operations conducted by UNMOVIC, the inspectors were ordered to leave on 18<sup>th</sup> March 2003 as diplomacy failed in the UN.<sup>471</sup> Two days later, operation Iraqi Freedom started.

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<sup>467</sup> “Bush’s War of Transformation” The Economist, 28 February 2003.

<sup>468</sup> CNN, 7 March 2003.

<sup>469</sup> CNN, 16 March 2003.

<sup>470</sup> BBC, 18 March 2003.

<sup>471</sup> Al-Jazeera.net, 18 March 2003.



## 7.5 Summary

Summarizing the above, one can conclude that US-Iraq policy prior to operation Iraqi Freedom had failed to contain, or dislodge Iraqi dictator Saddam Hussein from power, and compromised a lot to the international community's demands to ease sanctions and in turn enhanced the Iraqi despot's standings in Iraq and throughout the Arab world. The smart sanctions' vision presented by the US policy makers was an admission of the failure of comprehensive sanctions on Iraq. International support largely diminished for sanctioning Iraq. Thus, the world coddled Saddam with commercial, trade, and diplomatic support. Regionally and internationally, governments stood against US efforts through smart sanctions to reinvigorate and re-energize sanctions and international support on Iraq. Iraq violated UN Resolutions many times and challenged American supremacy in the region many times; still, the world did not enforce Security Council Resolutions forcefully and stood against any American attempts to do so. The implications of these were high on the US policy. Thus, the US was convinced, especially after 9/11, that there was no other way but a total invasion of Iraq to disarm and overthrow Saddam. However, When the US outlined its plans to enforce UN resolutions by force, Iraq's friends- which Iraq managed to establish and nurture during the years of the oil-for-food deal- in the UN stood as a major obstacle to multilateral cooperation and collective security pushing the US to go unilateral.

## Conclusion

Most Iraqis agreed that Saddam and his sons needed to be removed from power quickly and forever. For 23 years, Iraqis lived under tight security controls where a culture of fear was in existence everywhere. The regime committed horrific crimes against all Iraqis from every ethnic and religious background.

The international community imposed sanctions, and these made life even worse for Iraqi people. The human cost had been enormous. Innocent people had died in hospitals because of the lack of medicine, proper equipment, and even the absence of simple things like oxygen and injections. The middle and professional classes, which were growing in Iraq before the Gulf War of 1991, had been destroyed and brought to total poverty. Some 5 million Iraqis, most of whom were professionals, had emigrated. Thus it could be argued that Saddam's brutal regime, coupled with 13 years of economic sanctions, had rendered Iraqis frightened, dependent, shattered, and pacified, needing an outside power to stand with them against the brutality of the regime, to relieve them of the daily hardship of sanctions, and help plant the seeds of a genuine democracy in their land.

The UN sanctions included Resolutions 687 (1991) and 688 (adopted also in 1991) that called for the dispatching of Human Rights' inspectors to Iraq to investigate the abuses in civil, human, economic, cultural rights of the people of Iraq by Saddam's regime. They also called for an end to the repression of the Iraqi civilian population, and insisted that Saddam regime had to cooperate with all humanitarian groups and organizations. The U.N assembly also passed a Resolution on December 2000 with a majority of 102 votes. That Resolution denounced the systematic and routine violations by the regime in Baghdad of the human rights' of the Iraqi citizens. Even so, no U.N member did anything to follow up these decisions and Resolutions. The UN did not follow this vigorously or systematically. The Security Council members did not push for the adherence to this UN Resolution as forcefully as it had with the Resolution concerning weapons' inspectors. This inevitably damaged UN credibility among the ordinary Iraqi people who were the very people sanctions and UN Resolutions were supposed to help. The EU parliament also issued human rights' decision and report in November 2000 and April 2002, demanding investigations of Saddam's war crimes and asked for a special tribunal for the regime. However nothing



happened on that front. Yet the new Bush administration was the only party ready to enforce these Resolutions on the regime when it started its liberation of Iraq under operation "Iraqi Freedom" on 20 March 2003.

In the early 1990s, the UN Security Council, with the support of a broad international consensus, subjected Iraq to a comprehensive set of economic sanctions. This sanctions' regime was intended to force Saddam Hussein and his government out of power, or failing that, to prevent them from exercising any kind of significant regional and international influence.

However, sanctions became more American than UN, as the rest of the Security Council members and others in the international community had defected from the American hard line stance. Even Kuwait came under immense pressure from its other Arab counterparts to relax its hard line policy on Saddam, as all the Arab countries opened and restored full ties with Baghdad. Thus, it can be argued that the biggest mistake in the past decade was the failure to march into Baghdad during 1991, and to change by force the dictatorship of Saddam Hussein. This failure to promote democracy and human rights in Iraq left him in power for more than 12 years after the 1991 Gulf War, during which time, he managed to break sanctions and enhance his powers. The Gulf War of 1991 thus was a golden opportunity to eliminate the dictator and free Iraq from the misery of Saddam's ruthless rule and the agony of sanctions.

The oil for food deal sewed the seeds of the collapse of sanctions. With more and more Iraqi oil being exported, the Security Council division on Iraq policy, and a worsening world economic situation, Saddam could afford to take an uncompromising line towards UN Resolutions and US demands, and ultimately broke the walls of sanctions. The oil-for-food deal opened the door for international competition in Iraq and created a potential new market for investment and exports. It also created Iraqi-trading partners in favour of Saddam inside the United Nations. They helped bring about political and economic deals inside the UN to the benefit of Iraq. They helped loosen rather than tighten the sanctions on the Iraqi regime. Without the oil-for-food programme, Iraq would not have so quickly been rehabilitated back into the world economy and this

might have led to a quick collapse of the dictatorship in Baghdad. Thus, the programme hastened Saddam political and economic rehabilitation and prevented his regime possible collapse due to stricter and more comprehensive sanctions.

Over the course of this thesis, it has been established that a number of different factors and processes had contributed to the failure of the sanctions and the current reluctance of the international community to endorse a military action against Iraq, or even the creation of a stricter framework of sanctions to contain Saddam. This thesis explained how and why containment in the form of comprehensive sanctions was no longer effective.

With respect to Iraq's Arab neighbours, the thesis asserted that security, ideological, cultural, and economic imperatives had all played an important role. In addition, the terrible suffering of the Iraqi people had been impossible for the Arab masses or their leaders to ignore. At the same time, the total collapse of the Palestinian-Israeli peace process, and America's failure to respond to Arab concerns about perceived increase in Israeli militancy, had caused the Arab states to distance themselves from the US and its policy preferences. Instead, they had begun to pull closer together, strategically, culturally and economically. Iraq, due to Saddam's popular standing with respect to Arab nationalist issues and the country's wealth, had been increasingly incorporated into this process.

Inter-Arab trade with Baghdad also played a great part in the Arab rapprochement towards Iraq. By key regional actors trading and politically dealing with Saddam, the comprehensive sanctions on Iraq lost its most crucial element of ensuring the political and economic isolation by Iraq's neighbours to a long land border. This allowed Iraq to rehabilitated back to the strategic reality of the Middle East region. Thus, by losing the regional embargo, the sanctions regime lost the opportunity to squeeze and maximize the impact on the Iraqi leadership that could have helped hasten their capitulation. Instead, Saddam managed to maximise his economic and political gains through the oil-for-food deal, and striking free-trade deals with the region. Moreover, the region turned a blind eye on its long and extremely porous borders that facilitated smuggling of oil and military supplies to Saddam.



Outside the region, with reference to Russia, France, China and other influential countries, the thesis conceded that humanitarian concerns had also been important, but proceeded to strongly argue that the primary factors for these states had been oil and commerce interests and the Iraqi regime's astute management of these significant forces. Saddam's masterful exploitation of the oil-for-food programme, combined with Iraq's wealth of resources and its overwhelming need for reconstruction, allowed him to attract a host of international business to negotiate and sign lucrative business contracts. With the commercial contracts and opportunities increased, many countries became advocate of freeing Iraq from sanctions. By trading and dealing openly with the world, Saddam was relieved from serious international pressure to contain and isolate him diplomatically and economically, that wanted to compel him to politically change his behaviour or even oust his regime from power. By involving so many states and companies in Iraq's present and potential oil and market it was impossible to make sanctions multilateral or sustainable. Thus containment was not accomplished, and lost its logic, sustainability, and effectiveness.

Also, the sanctions' years saw the rise of key European powers. Iraq was used by some powerful EU members as well as by Russia to challenge American leadership and to print its own political and economic identity as a new superpower with a distinctive foreign policy. These countries refused to commit itself to US demands for Saddam's ouster through tougher smarter sanctions or military liberation of the country. They also challenged America's strategy of coercive diplomacy based on a continuation of a strict straight jacket on Iraq through more targeted sanctions instead they thought they could reform him, thus, it was important to appease Saddam and his repressive regime by providing him with an opportunity to be reintegrated with the world community through trade and diplomacy from these countries perspective.

The moral dilemma of the humanitarian crisis in Iraq as a result of sanctions was haunting the pro-sanctions lobby. The anti-sanctions groups lobbied hard too lift sanctions especially the civilian part of it and called for the normalization of relations with the Iraqi people. They were concerned for the plight of the Iraqis, thus, sanctions for them was a morally unacceptable instrument of foreign policy



and addressed the crisis in Iraq only from a moral perspective and called for new ethical norms to guide the international community and UN work in Iraq and any possible future sanctions cases. The various NGO's including that affiliated with the UN had created a moral approach to sanctions in Iraq through pushing to expand the oil-for-food deal for humanitarian reasons. UN agencies such as UNICEF, FAO and WHO had fought the UN imposed sanctions publicly and called for its elimination. This boosted Saddam stance at the UN Security Council as many of Iraq' friends inside the Council used the humanitarian issue as a pretext to enlarge the oil-for-food deal, thus, helped in destroying the logic and impact behind the comprehensive economic sanctions.

The blanket sanctions policy had all but collapsed. In the meantime the US, Saddam's chief international opponent, had been unable to raise much support for a revised set of "smart" sanctions to deal with Saddam. Therefore, one option remained for the United States of America, a sweeping military campaign to alter the chessboard to America's favour again.

Iraq got what it wanted - the freedom to travel, to trade, to sell its vast oil reserves, and to politically and economically influence the region and in many times the Security Council. This was all granted to it through the gradual concessions made by the international community to what was essentially a humanitarian programme (oil-for-food deal). He even got four years inspections free from- December 1998 until November 2002-UNSCOM and its intrusive monitoring systems, due to the Security Council stalemate on Iraq.

The UN Resolution 1441 was a tough Resolution that came too late. This Resolution should have been adopted in 1991 instead of the other nearly 50 Resolutions passed since. If the UN had adopted such a powerful Resolution with such a mandate for the inspectors, then the UN would have spared Iraq and its people all the suffering and agony of the past twelve years of sanctions. With such a mandate to disarm Iraq, the UN could have destroyed and monitored all Iraq's weapons as they had clear military backing. If they were faced with any obstruction from the Iraqis, the use of force to overthrow Saddam was clear under that 1441 mandate.

Instead, in December 1999, the UN passed a Resolution (France, Russia, and China abstention vote) that created UNMOVIC and asked Iraq to readmit the inspectors back in return for the suspending sanctions as stated in the 1991 UN Resolution paragraph 22 or Resolution 687. The UN also allowed the total lifting of the financial ceiling on oil exports under the oil-for-food deal. Iraq could export oil to the same level and capacity as before sanctions and the 1991 Gulf War. The UN also recommended an increase in funds at around \$600 million from the oil-for-food programme for the purchase of spare parts and equipment for the oil industry. They also created the fast-track process for faster and automatic approval of goods to go to Baghdad, as there were many complaints from UN member states stating that the Sanctions Committee was slow in the process of approval. All these concessions, yet Saddam remained defiant and did not accept the inspectors back for four complete years. Nevertheless, in these very four years the world increased its trade, commerce and diplomatic relations with Iraq. They participated in Baghdad trade fairs and encouraged trade and diplomatic links with Iraq. Recalling all this, one can see that the world made one of the biggest mistakes in the past century when it decided to appease and deal with Saddam rather than participate in eliminating his rule and instituting democracy in Iraq.

All in all, the international and Middle Eastern landscape changed from that in 1990, when sanctions were multilateral comprehensive and tight, while they all but collapsed, and become unsustainable. Saddam's regime remained during the sanctions years entrenched in power, his political and economic power increased domestically and regionally, and his international diplomatic powers and economic relations were steadily improving. Thus the United States realized that a massive invasion was the only alternative left to contain his powers and remove his tyrannical rule once and for all.

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